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General

Trade Official Comments on Hope To Return to GATT

OW2801104494 Beijing XINHUA in English 1035
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—China hopes to restore its signatory status in the General Agreement on Tariffs and Trade (GATT) six months before the agreement reached in the Uruguay Round of world trade talks comes into effect, a high-ranking Chinese trade official said here today.

Gu Yongjiang, vice-minister of foreign trade and economic cooperation, explained that in this way, the Chinese National People's Congress, China's top legislative body, would have enough time to approve the agreement.

According to the rules, China should resume its GATT status before the package of GATT agreements go into effect, thus becoming a member country of the world trade organization.

Gu said this while answering a question at a press conference held by the information office of the State Council.

China, which was originally one of the signatories of GATT and withdrew from it for various reasons, formally applied in 1986 to restore its original status.

Gu said that after seven years of negotiations, the Chinese delegation has clearly explained China's economic and trade system to the member countries of GATT, which have got an overall knowledge of it.

During the period, great reform has been carried out in China's economic and trade system. As a result, the system is very close to the principles of GATT now, Gu said.

Thus, he said, it is high time to discuss concretely the text of the protocol for the resumption of China's status in GATT.

Most of the signing member countries hoped that the negotiations would achieve rapid progress, Gu said, adding that some countries have begun or declared they will begin negotiations with China on tariff problems.

One of the difficulties facing the work is that some major signing parties' high demands exceed China's economic ability, Gu said.

Gu expressed his hope that the major signing countries will actually support China's effort.

On the timetable, Gu said that China of course would like to return to GATT at an early date, and that the Uruguay Round of trade talks, which wound up on December 15 last year, objectively provided a timetable for China's resumption of its status in GATT.

PRC Signs Border Accord With Russia, Mongolia

OW2901021494 Beijing XINHUA in English 0139
GMT 29 Jan 94

[Text] Ulanbaatar, January 29 (XINHUA)—China, Russia and Mongolia have signed an accord here on the definition of the eastern and western junctures of their borders.

The tripartite border agreement was reached to consolidate and expand the good-neighborliness and friendship among the three nations after more than one year of consultations on the basis of treaties and accords signed before between them and in accordance with the principles of mutual respect for sovereignty and territorial integrity and peaceful co-existence.

Chinese Ambassador to Mongolia Pei Jiayi, Mongolian Deputy External Affairs Minister J. Choinhor and Russian Ambassador to Mongolia C. C. Razov signed the accord Thursday [27 January] on behalf of their respective countries.

State Council Official Seeks Further Market Opening

OW3001051794 Beijing XINHUA in English 0456
GMT 30 Jan 94

[Text] Davos, Switzerland, January 29 (XINHUA)—As China deepens its reform and opening, foreign investors will be allowed to operate in some areas in the country from which they were once barred, a high-ranking Chinese official said here today.

Speaking at a World Economic Forum's special session on China, Qi Huaiyuan, director of Foreign Affairs Office of China's State Council, said the areas include power plants, railways, airports and expressways.

The dynamic Chinese economy was a hot topic at the forum, which opened on January 27 and attracted about 1,200 officials, entrepreneurs, bankers and economists from all over the world.

Qi briefed the participants on the achievements of China's reform and opening as well as some of the new steps to be taken by the Chinese Government.

Qi told them that China's gross national product (GNP) grew 12.8 percent in 1992 and about 13 percent last year.

He said, however, that China is not deliberately striving for a two-digit growth rate for its own sake. The rate for this year is preferably at 9 percent, he added.

On China's foreign trade, Qi said that the import and export volume rose from 20.64 billion U.S. dollars in 1978 to 195.72 billion in 1993.

Qi said that China's import in 1993 alone was more than 100 billion U.S. dollars, and a total of more than 700 billion dollars of goods will be imported for the rest of this decade.

He expressed the hope that as a major trading power in the world, China's status as a contracting party to the General Agreement on Tariffs and Trade (GATT) "will be restored as soon as possible."

"China's re-entry will further stimulate the expansion of its trade and economic cooperation with other countries on the basis of equality and mutual benefits and will also strengthen the world's multilateral trading regime," Qi said.

Yearender Views CPC Ties With Foreign Parties

*HK2001130494 Beijing RENMIN RIBAO in Chinese
10 Jan 94 p 7*

["Full Text" of "yearender" interview with the spokesman of the CPC Central Committee International Liaison Department by an unidentified RENMIN RIBAO reporter; place and date not given: "Make More Friends, Enhance Understanding, Develop Cooperation, Increase Influence—the Spokesman of the International Liaison Department of the CPC Central Committee Answers Staff Reporter's Questions on New Developments in the CPC's Contacts With Foreign Political Parties"]

[Text] [RENMIN RIBAO] First of all, would you like to give us a briefing on the general situation of our party's foreign-related contacts?

[Spokesman] Yes. Our party's foreign-related contacts have always remained a major part of our party's work, as well as an important element of China's diplomatic work as a whole. General Secretary Jiang stressed in his report to the 14th party congress: "The Communist Party of China attaches great importance to its ties with political parties in all countries." Since the Third Plenary Session of the 11th CPC Central Committee, our party has made major readjustments to the principle of foreign-related work in light of the development of the international situation. As a result, our party is focusing its foreign-related work on achieving an international environment which is favorable to China's modernization drive and making greater contributions to peace and development throughout the world. The party also advocates making friends far and wide and seeks common ground on major issues while reserving differences on minor ones when dealing with other parties. Moreover, the substance and pattern of cooperation have also gone beyond purely political contacts to multi-level cooperation which aims at pushing forward economic and technological exchanges. In this way, the party's foreign-related work can be carried out much more extensively, and the party has gradually expanded its contacts and exchanges with all kinds of political parties and organizations in the world. Our party has formally drawn up and written into its Constitution four principles guiding the establishment of party-to-party relations with political parties of all kinds: independence and self-reliance, total equality, mutual respect, and non-interference in

one another's internal affairs. Alongside China's development, which has attracted attention throughout the world, the trend of foreign political parties seeking normal ties and expanding exchanges and cooperation with our party out of their own considerations is also gathering momentum, and our party's contacts with all kinds of political parties are becoming more extensive and active. Our party has maintained relations, in different forms, with over 200 political parties in more than 100 countries, among which there are not only communist parties but also socialist parties, social democratic parties, labor parties, and other parties in developed countries, as well as political parties in developing countries. On the basis of such extensive exchanges, we attach special importance to our ties with major political parties all over the world.

[RENMIN RIBAO] What are your comments on the international situation in 1993, especially the situation of political parties in different countries?

[Spokesman] The year 1993 witnessed profound and comprehensive changes in the world. China's ties with other countries underwent further development, and the international situation proved to be more favorable to our country.

Amid the profound international changes of the past year, changes within political parties were especially prominent and have had a certain impact on the political situation of their countries. Major parties in some Western countries which had been in a ruling position for a long time, lost their ruling status in elections and gave way to a number of new and smaller parties, and ultra-rightist and local splittist forces gained favor in some countries. Different political forces in a number of eastern European and central Asian countries continue to go through the process of disintegration and reorganization, and an intricate and complex situation has been registered in the strengths of different political parties. Under this new situation, our party made new breakthroughs in its ties with political parties in other countries.

[RENMIN RIBAO] What breakthroughs did the CPC make in its relations with political parties from its neighboring countries in 1993?

[Spokesman] The CPC has always attached importance to strengthening its relations with political parties in other countries, especially those of our neighboring countries. In 1993, General Secretary Jiang Zemin and several Standing Committee members of the CPC Central Committee met on separate occasions with a number of delegations of major foreign parties. Comrade Hu Jintao, Standing Committee member of the CPC Political Bureau, headed a party and government delegation to North Korea to attend celebrations of "the 40th Anniversary of the Victory of the Motherland's Liberation War;" and Comrade Ding Guangeng, member of the CPC Political Bureau and the Secretariat, led a CPC delegation to visit Vietnam and Laos. At the beginning

of 1994, a CPC delegation headed by Comrade Wen Jiabao, alternate member of the CPC Political Bureau and member of the Secretariat, paid a visit to Singapore on its way to India and Bangladesh. All these important overseas visits have further augmented the mutual understanding and friendship between the CPC and the ruling parties of these countries and have served to give a major impetus to the development of China's friendly cooperative ties with these neighboring countries and their peoples.

While maintaining our existing relations with Japan's Liberal Democratic Party and the Japanese Socialist Party, we have also had extensive contacts with other political parties which participate in Japan's government and political affairs, including the New Party, Shinseitō, and other political parties with which we have not yet established formal relations. We have also set up ties with South Korea's Democratic Liberal Party. Our party's friendly relations with the ruling party of Mongolia have also made further progress. Our exchanges with political parties in south and central Asian countries, such as India, have also been strengthened. The senior leaders of both the ruling and opposition parties of Bangladesh visited China separately in 1993. Our party has established ties with all ruling parties and major opposition parties in the south Asian countries.

[RENMIN RIBAO] In addition to our neighboring Asian countries, can you also brief us on our party's ties with political parties in Latin American and African countries?

[Spokesman] Political parties in the developing countries generally follow China's reform and opening up with close interest as well as its practice of building socialism with Chinese characteristics. They have cherished the good will of promoting positive ties with the CPC. Major political parties and the leading figures of many Latin American countries have visited China one after another. Rafael Caldera, the newly elected president of Venezuela, had cordial meetings with party leaders and began making his election speech during his friendly visit to Tibet. During their visit to China, the leaders of Mexico's Institutional Revolutionary Party exchanged extensive views and experience on how to rule the party and administer the country as well as on issues of common concern. Important political parties and public figures from some Latin American countries which have not yet established diplomatic relations with China, such as Honduras, El Salvador, and Nicaragua, also paid visits to our country one after another in 1993. The Chinese NPC delegation was given a warm reception during its visit to Paraguay by friends from the country's political parties who had visited China before. Our persistence in establishing relations with ruling parties and major opposition parties in countries which have not yet established diplomatic relations with China has undoubtedly had a positive impact on promoting our ties with these countries.

It has been a long time since our party began to set up ties with parties in African countries. In 1993, we established new relations with some more political parties. The CPC has always enjoyed friendly relations with political parties and organizations which oppose racial segregation and fight for racial liberation. Such friendly exchanges have been further boosted alongside the progress South Africa has made in the peace process. In 1993, the principal leaders of the African National Congress of South Africa, the South African Communist Party, and the Pan-Africanist Congress of Azania visited China on invitation, while our party also sent delegations to visit South Africa on two occasions. Meanwhile, our party also carried out friendly exchanges with the ruling parties, parties participating in government and political affairs, and major opposition parties of other African countries in 1993.

[RENMIN RIBAO] It has been learned that the CPC has added the serving economic construction to its foreign-related work in recent years. What progress did the party achieve in this area in 1993?

[Spokesman] It has indeed been a special feature of our party's foreign-related work in recent years to, through the channels of exchanges with political parties and mass groups, act as go-between for relevant economic departments and localities inside the country, to introduce foreign capital, technology, and able personnel from abroad, and to provide direct services for our country's socialist modernization drive. We have already done a great deal and have attained positive results in promoting economic, trade, and technological cooperation. Our efforts to carry out economic and trade activities with economic organizations recommended by foreign political parties have been welcomed by political parties in all countries. Initial results have also been achieved in introducing foreign investment through the political party channel. During their overseas visits, the leading comrades from the party organizations of the relevant provinces and cities have also paid attention to establishing positive economic and trade ties or cooperation with relevant countries. Upon the invitation of political parties and organizations in a number of countries, we have sent several delegations and groups to these countries to conduct special-topic studies on issues concerning relations between the central authorities and localities, relations between the market economy and macroeconomic control, as well as the social insurance system. This is also one of our attempts to provide direct services for the building of the four modernizations.

[RENMIN RIBAO] How are the party's relations with political parties in Western countries?

[Spokesman] It is another major feature of the CPC's foreign-related work under the new situation not to base our party-to-party contacts on ideological differences and common grounds. In 1993, our party-to-party exchanges with Germany, France, and Britain underwent new progress during the process in which we strived to promote and improve our ties with political parties of

Western countries through various means. Contacts with the Socialist Party International and other international political organizations, including their member parties, also tend to be more active. In joint sponsorship with the subordinate research institutions of Nordrhein-Westfalen, Germany, we held a symposium on "Europe's unified general market and China" and invited more than 10 people from the European Communities and Nordrhein-Westfalen to carry out extensive and frank discussions with the relevant Chinese counterparts on a number of issues, including the opportunities and challenges presented to China by the unified general market of the European Communities, opposition to trade protectionism, standardization of product quality and technology, and intellectual property rights. This symposium proved to play a positive role in augmenting mutual understanding and establishing mutually beneficial economic and trade cooperation ties between the two sides.

[RENMIN RIBAO] New progress was indeed made in the party's exchanges with other political parties in 1993. We would like to ask you to say a few more words to our readers on a general appraisal of the party's contacts with other political parties in the past year and on the party's work in the new year.

[Spokesman] In 1993, under the guidance of the spirit of the 14th party congress, our party always took the overall diplomatic situation into consideration when carrying out its foreign-related work, concentrated its energy and attention on key issues, and attained fairly satisfactory results. Based on our already established ties with political parties of all types, our party set up new relations with another 18 political parties in 11 countries in the past year. Facts have clearly shown that the CPC is enjoying a greater role in international affairs by building bridges for party-to-party contacts, making more friends, enhancing understanding, and promoting friendly cooperation.

The reason why our party's foreign-related work can undergo continued development and expansion under the new situation is that, first, the world-famous tremendous achievements attained by China in its reform, opening up, and economic construction have been attached with great importance by political parties of all countries in the world and have aroused their interest in establishing or expanding ties with our party; second, as China's ruling and leading party, the CPC is playing a decisive role in political life within the country. Political parties from foreign countries all want to initiate contacts and cooperate with our party. Our party has always attached great importance to its foreign-related work, regarding the work as one important component of China's diplomatic work as a whole. Contacts among political parties have always been an important aspect of international exchanges. This is especially true during major changes in the international structure, for political parties from many countries will feel a greater need to exchange views and experiences with each other on

various issues and seek possibilities for cooperation through party-to-party contacts.

It can be predicted that various political powers will continue to divide and reorganize during 1994. This colorful world can provide the CPC with a vaster area in which to carry out its foreign-related work. As always, we will adhere to the four principles of independence and self-reliance, total equality, mutual respect, and noninterference in one another's internal affairs; will strengthen our ties with political parties of all types in a more extensive and comprehensive way; will carry out sincere cooperation with them; and will make greater common contributions to the peace and prosperity of the world and to the progress and development of mankind. (This newspaper's year-end reports conclude here. We wish to take this opportunity to extend our thanks to the yearenders' authors and the vast numbers of our readers.)

Article Reviews China's Foreign Relations

HK2801132494 Hong Kong KUANG CHIAO CHING
in Chinese No 255, 16 Dec 93 pp 16-19

[Article by Ke Guang (2688 0342): "A General Review of China's Foreign Relations—Deng Xiaoping: 'We Are Afraid of No One and We Will Not Offend Anyone'"]

[Text]

China Plays an Active Role in the Multipolar Arena

Events from Chinese President Jiang Zemin's formal meeting with U.S. President Clinton in Seattle to the successive visits to Beijing by 31 heads of state, 18 speakers and 28 foreign ministers create a vivid picture regarding China's omnidimensional diplomacy in the multipolar international arena.

The Sino-U.S. Summit Meeting Achieves Results

A matter of first importance in China's foreign affairs in 1993 should be the formal summit meeting between Jiang Zemin and Clinton held in Seattle on the 19 November. It was not only the first formal Sino-U.S. summit meeting since the "Beijing disturbance" in 1989, but also a contact in which both sides sought a favorable turn at a time when Sino-U.S. relations were undergoing twists and turns. So their meeting was of special significance.

Jiang Zemin's meeting with Clinton occurred at the crucial time when there had been conflict between China and the United States, though neither side wished to fall out with the other completely. Ever since Clinton took office, Sino-U.S. relations have tended to be strained. The two most prominent incidents created by Washington in July were: The U.S. ban on the export of high-tech, sensitive products to the PRC for two years on the so-called grounds that "China had transferred M-11 missile technology to Pakistan"; and the obstruction by U.S. warships of the Chinese freighter "Yinhe" on its

way to Iran in accordance with false information that the freighter was loaded with the precursors of chemical weapons. These were the strong measures taken against China by the United States on the issue of weapons proliferation. However, Beijing did not submit. It strongly protested to Washington, declaring that it would reconsider its commitment to the "missile technology control regime" and claiming compensation of \$12.93 million from the United States for the loss which China suffered from the "Yinhe" incident.

The United States Will Shift Its Target for an Economic Boost to Asia

On the other hand, the United States has decided to shift the focus of its foreign policy to Asia in accordance with its primary target for rejuvenating its economy, which is suffering a slump. Under such circumstances Clinton reiterated that Sino-U.S. relations will be strengthened while he was on his way to Tokyo to attend the G-7 summit meeting and during his visit to Seoul. Some White House advisers offered advice, suggesting that Washington change its China policy. Then Clinton approved his senior officials' visits to Beijing. Charles Freeman, U.S. assistant secretary for regional security affairs, visited China at the end of October, reopening the dialogue between Chinese and U.S. military officials which had been suspended for four years. At the same time, Clinton invited Jiang Zemin to attend the Asia-Pacific Economic Cooperation Forum summit conference in Seattle. Thus the Chinese and U.S. Presidents, who had newly assumed office, had an opportunity for contact.

The meeting between Jiang Zemin and Clinton lasted 90 minutes. Later Clinton talked to the press, saying that the meeting was "fruitful" and a "good beginning" for Sino-U.S. relations, while Jiang Zemin said that the meeting "had promoted understanding, helped improve and develop Sino-U.S. relations, and marked a good, new beginning for the Sino-U.S. relationship." Both leaders made positive comments on their meeting.

Political observers note China and the United States differ on the issues of human rights, trade and weapons proliferation. China has not made any concessions. Although Clinton mentioned these problems at their meeting, Jiang Zemin ignored them. Before setting out for Seattle from Beijing Jiang had reiterated China's position, saying that "attaching conditions to U.S. most-favored-nation treatment was a practice left over from the time of the Cold War and should be discarded."

Since the meeting of the Chinese and U.S. leaders, the foreign ministers of the two countries have visited each other and the departments concerned have increased their mutual visits. Qian Qichen said at a press conference that both sides had many specific problems to discuss, such as trade, human rights and weapons proliferation. Whatever problems concerned China and the United States could be discussed. The United States is

concerned about the big trade deficit, while China is concerned about whether it gets approval to purchase U.S. goods.

International opinion believes that both China and the United States have found ways to improve their relationship and China has increased its impact on the world.

Kohl Returns Home With Fruitful Results, Having Entered Into Business Contracts Worth \$2.8 Billion

German Chancellor Kohl visited China last November. During his visit China and Germany signed more than 20 business contracts, agreements and letters of intent, the amount of business totaling \$2.8 billion. This shows there has been a new breakthrough in the relationship between China and a big European power.

Kohl has been to China three times. However, this was his first visit as head of government of unified Germany. It was also at a time when Germany had adjusted its "new Asian strategy." He made it clear that Germany would follow the policy of "one China" and that it would not have any official connections with Taiwan or sell it any weapons.

Germany, with its powerful economic strength, has noted that Asia has maintained a strong impetus in its economic development. It is especially attracted by China, whose economy has been developing at high speed. At the same time, Germany is seeking a permanent seat in the Security Council of the United Nations, with the hope that China will vote for it. So Kohl visited China in November after visiting five Asian countries, namely, India, Singapore, Indonesia, Japan and the ROK, in February. He declared that the purpose of his visit to China was to strengthen cooperation between the two countries in various fields, endowing the German-Chinese relationship with a new quality.

China badly needs funds and advanced technology from Germany in the process of pushing its national economy up to a new stage. Germany is China's biggest trading partner in Europe. Trade between the two countries this year greatly exceeds the total of \$6.47 billion in 1992. The contracts signed between China and Germany include German loans for the project of constructing the Guangzhou underground railway network and China's purchase of six German A-340 airbuses. Kohl said that there were no obstacles on Germany's part in exchanges between Germany and China in the sphere of high technology. There is no doubt that Germany has sent China "charcoal in snowy weather," given that the United States has banned the export of sensitive high-technology products to China.

As Taiwan intended to buy submarines from Germany, some German enterprises showed great interest and wished to try. However, Kohl made it clear that Germany would not sell any weapons to Taiwan to avoid possible trouble in the Sino-German relationship.

What Lessons Does Britain Draw From What Germany Has Done?

In Europe, France is probing to repair its relationship with China, while Britain has fallen out with China over the political system in Hong Kong. Talks between China and Britain have been suspended and China is quickening the preparatory work for the Hong Kong Special Administrative Region. It is inevitable that trade between China and Britain will be affected. In this way, Britain has lost a good opportunity to enter China's market, in striking contrast with Germany, which is quickening its road to the East and promoting all-round cooperation with China.

During Kohl's visit to China, China sent two signals to the West: One was Beijing's perception that Germany took the correct stand on the question of Taiwan, thus laying an "important foundation for the continuous development of Sino-German relations; the other is the great potential of China's market, that is, during its Eighth Five-Year Plan from 1991 to 1995, China's total import amount will increase from the originally planned \$300 billion to \$400 billion. It is no doubt a great attraction to the slack economy of the West.

ASEAN Countries Get Closer to Beijing

Heads of state and government leaders of the six ASEAN countries visited China, while Qiao Shi, Chairman of the Standing Committee of the Chinese National People's Congress [NPC], visited five ASEAN countries this year. From February with its spring chill to November with its clear autumn skies and crisp air, Prime Minister of Singapore Goh Chok Tong, President of the Philippines Ramos, and Prime Minister of Thailand Chuan Likphai visited China one after another after they took office. Sultan Hassanal of Brunei visited Beijing after his country established diplomatic relations with China. Prime Minister of Malaysia Mahathir visited China for the second time. Although no senior officials from Indonesia visited China this year, President Suharto met with Jiang Zemin in Seattle.

ASEAN Leaders Take Large Groups of Entrepreneurs To Visit China

Economic and trade cooperation with mutual benefit is the distinctive characteristic of the contacts between China and ASEAN countries this year. Some ASEAN leaders took large groups of entrepreneurs to visit China directly and signed huge cooperative projects with China. Among them is the "Suzhou Industrial Park," a cooperative construction project between Singapore and China which introduces Singapore's experience in the construction and management of Yulang Industrial Park. Businessmen from Singapore have also invested in opening up a large area in Shandong Province.

It is worth noting that the leaders of five ASEAN countries do not believe the "China threat theory" spread by the West. Instead, they consider that a strong and prosperous China will benefit the prosperity and

stability of Asia. Moreover, they accept China's position on the Nansha Islands, that is, "put aside disputes and open them up together."

Qiao Shi chose Indonesia, Malaysia, Singapore, Thailand and the Philippines for his first visit after he became chairman of the Standing Committee of the NPC. It never happened in the past that a Chinese leader visited five ASEAN countries in one trip. During his visit Qiao Shi put forward the four principles which China would follow in its contacts with ASEAN countries. Of the four principles, the Five Principles of Peaceful Coexistence are listed first. This has further promoted the trust of the ASEAN countries in China.

In November this year, ASEAN Secretary General Singh [xin ge 6580 2706] paid his first visit to China. His Beijing trip resulted in the establishment of the joint Sino-ASEAN Committee of Economic and Trade Cooperation and the Joint Sino-ASEAN Committee of Science and Technology Cooperation and promoted the cooperation between China and ASEAN countries in the fields of economy, trade and science and technology.

New Developments in Sino-Vietnamese and Sino-Indian Relations

This year China has also improved relations with Vietnam and India. They are neighbors which had once fallen foul of Beijing.

In November 1991, leaders of the Communist Party of Vietnam Do Muoi and Vo Van Kiet visited China, their trip promoting normalization of the relationship between China and Vietnam. At the end of 1992, Li Peng paid a return visit to Hanoi, while Vietnamese President Le Duc Anh visited Beijing in November this year. Their visits deepened top-level mutual understanding. The obstacles in Sino-Vietnamese relations lie in the border dispute and the Cambodian issue. Now the Cambodian issue has been basically settled. Since the normalization of Sino-Vietnamese relations, vice foreign ministers and specialists of both sides have held meetings to deal with the border dispute. In October this year, China and Vietnam signed a treaty on the basic principles for solving the issue of border territory, laying the foundation for further border negotiations between the two countries.

Contacts between top officials of China and India have also increased. At the end of 1991 Li Peng visited New Delhi, while Indian Prime Minister Rao paid a return visit to Beijing in November this year. The greatest reward of his visit to China was the signing of a treaty ensuring peace and stability in the border areas which both sides actually control. Thus, conditions for final settlement of the border issue were created.

Li Ruihuan, chairman of the Chinese People's Political Consultative Conference, visited Nepal, India and Pakistan in November. It was another diplomatic move by China to further develop good-neighborly relations with these three Southeast Asian countries.

China Pays Attention to the Countries to Its North

China also lays stress on cooperation with countries of the CIS. Exchanges in various fields such as economy, culture and military affairs have been further strengthened.

Last year Russian President Yeltsin was invited to visit China. As a result, trade relations between the two countries have been developing rapidly, their trade volume totaling more than \$5 billion. In June this year, Liu Huaqing, member of the Standing Committee of the Political Bureau of the Central Committee of the CPC and vice chairman of the Central Military Commission, visited Russia, and Russian Defense Minister Grachev visited Beijing in November. Both sides signed a Sino-Russian treaty of cooperation between the two defense ministries. It involves contacts between personnel and exchanges of experience.

In addition, Georgian head of state Shevardnadze, Tajikistan head of state Rakhmanov and Lithuanian President Brazanskas visited China for the first time.

Li Peng originally planned to visit four Central Asian countries, namely Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan, and Mongolia to the north of China as well. He postponed his visits to these countries because he suffered a sudden heart attack.

To seek a peaceful international environment, especially a stable surrounding environment, China has promoted friendly contacts with its neighboring countries in a big way. Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC, led a party and government delegation to visit the DPRK. The visit was also aimed at promoting good relations with its neighbor to the northeast.

Countries That Have Established Diplomatic Relations With China Have Increased to 158

China has been very active in its foreign affairs this year, having established diplomatic relations with the Czech Republic, Slovenia, Eritrea and Macedonia and resumed diplomatic relations with Liberia. Thus those countries that have established diplomatic relations with China total 158. Dominican President Seignoret recently visited Beijing, though his country has not yet established diplomatic relations with China.

Democratic Parties Get Involved in Foreign Affairs

It is a new tendency in China's foreign affairs that leaders of China's various democratic parties take turns to welcome foreign leaders who come to visit China at the Great Hall of the People in Beijing.

Rong Yiren, known for his nickname "red capitalist," talked freely about internal and external affairs while meeting foreign guests in Beijing. Furthermore, he visited Portugal and Spain as part of the effort to promote China's foreign affairs.

China's Year of Foreign Ministers

It is a new tendency that the foreign ministers that visited China this year are particularly numerous. By the end of November, there had already been 24. Some people consider this year "China's year of foreign ministers." Qian Qichen, Chinese vice premier and foreign minister, has been especially busy since so many ministers of foreign affairs have visited Beijing. At the same time Qian Qichen has also visited 26 countries this year (20 countries last year).

Qian Qichen's Frequent and Busy Activities Epitomize China's Active Foreign Affairs

While attending the 48th UN General Assembly in New York at the end of September, Qian met with state heads, government leaders and ministers of foreign affairs of nearly 60 countries. It is Qian Qichen's frequent and busy activities in foreign affairs that epitomize China's foreign affairs.

Deng Xiaoping's 16-Character Policy

The pragmatic and flexible display of China's omnidimensional foreign affairs embodies Deng Xiaoping's analysis of the international situation and his diplomatic tactics. In November this year, the Chinese authorities first made known a series of speeches on China's foreign affairs and the international situation made by Deng in recent years.

On 3 March 1990 Deng talked with several bigwigs of the CPC after great changes had taken place in Eastern Europe. He pointed out: "The old pattern is undergoing changes, but this process is actually not completed and the new pattern has not formed yet. As for the two big issues of peace and development, the issue of peace is not settled and the issue of development has worsened."

In the face of the changeable international situation, Deng Xiaoping put forward the 16-character guiding policy for China to cope with international problems in its foreign affairs. It reads: "Observe coolly, stand firm, tackle calmly and accomplish something."

On 4 September 1989, when Deng talked with several top leaders of the CPC about the present international situation and China's tactics, he summarized it in three sentences: "The first sentence is to observe coolly; the second one is to stand firm; and the third one is to tackle calmly." He said emphatically: "Be cool, cool and cool again, immerse ourselves in hard work, do a good job, a job of our own."

In accordance with the three sentences put forward by Deng Xiaoping, in its foreign affairs China went through the test when international incidents such as the disintegration of the Soviet Union occurred and withstood the pressure caused by Western sanctions. On 14 December 1990, 14 months later, Deng talked with several bigwigs of the CPC. He urged China to accomplish something in diplomacy. He pointed out: "There

are many unpredictable factors in the international situation, while contradictions become more and more prominent." He said: "Some Third World countries want China to take the lead. It is a fundamental policy of our country that we will never take the lead. We cannot afford to do that. It is beyond our strength. It is absolutely disadvantageous to do so for we will lose a lot of initiative. China will always stand on the side of the Third World. China will never seek hegemony, nor will China take the lead. However, it is not possible to do nothing on international issues. We should accomplish something. What to do? I think we will actively promote the establishment of a new international order in politics and economy. We are afraid of no one and we will not offend anyone. We will act in accordance with the five principles of peaceful coexistence, which we will stick to on matters of principle and stand."

Deng Xiaoping's theory is still guiding Chinese diplomats from behind, moving freely and developing flexibly in the international arena.

United States & Canada

XINHUA Reports on Anthony Lake-Liu Huaqiu Meeting

OW2901081494 Beijing XINHUA in English 0801 GMT 29 Jan 94

[Text] Washington, January 28 (XINHUA)—U.S. President Bill Clinton's National Security Adviser W. Anthony Lake said today that further improvement and development of U.S.-Chinese relations is of great strategic significance.

Lake made the statement during his meeting at the White House with visiting Chinese Vice Foreign Minister Liu Huaqiu, who arrived here Tuesday [25 January] at the invitation of the State Department for political consultations.

The Sino-U.S. informal summit meeting in Seattle last November was important to both sides and it is very encouraging that the channels for dialogue are open and contacts are increasing, Lake said.

Both sides have done their part to improve their relations, and Washington in no way "belittles" the positive steps taken by the Chinese side, Lake said.

He expressed the belief that with such continuous joint efforts, it is certain that U.S.-China relations will constantly improve and develop.

In reply, the Chinese vice minister said the Seattle summit marked a new beginning for improving Sino-U.S. relations and both sides should seize upon the favorable opportunity to push their ties back onto the normal track.

There exist broad and common interests between China and the United States, Liu said, adding that the two sides

should start from the fundamental interests of the people of the two countries and the overall situation in developing mutually beneficial cooperation.

Changes in the world situation have not altered the importance of Sino-U.S. relations, Liu said, adding that their differences should be properly settled through candid dialogues. As for the differences which cannot be settled for the moment, the two sides should seek common grounds while preserving the differences and should not let the differences block the development of their relations.

Liu stressed that both sides should face reality, respect each other's actual situation, take an attitude of seeking truth from facts and appropriately solve their existing differences through joint earnest efforts and on the basis of mutual respect and equality, thus enabling their relations to advance in a healthy and stable way.

Besides meeting Lake, Liu also held separate meetings today with Assistant to the U.S. President for Economic Policy Robert Rubin and his deputy W. Bowman Cutter.

The American hosts expressed their admiration for the achievements China has made since its reforms and opening up to the outside world and they are optimistic about the prospects of China's development in the coming years.

In view of the changes that have taken place in China in the past 15 years, Rubin noted, there are reasons to believe that China will become one of the world's strongest economies in the first half of the next century.

He said Washington is fully aware of the good opportunity that China's development has provided for the U.S. economy and hopes that the difficulties in bilateral relations will be solved as soon as possible so that multi-cooperation of great potentials would be further strengthened and expanded.

Meanwhile, Cutter said that China is of strategic significance to the United States and nobody can deny this.

Despite their differences, opportunities for further cooperation outstrip the existing problems, Cutter said.

It really conforms with the interests of both countries for the United States to handle its relations with China from a long-term point of view, he said.

Cutter said both sides are experienced in settling their differences through mature and wise ways and the U.S. is willing to continue to work with China in overcoming the differences and strengthening their cooperation.

Column Criticizes U.S. on Radio Free Asia, Chemical Sales

HK3001072494 Hong Kong TA KUNG PAO in Chinese
29 Jan 94 p 3

["Political Talk" column by Shih Chun-yu (2457 0689 3768): Do Not Interfere in Other Countries' Internal Affairs"]

[Text] A basic criterion for establishing normal relations between states is precisely non-interference in other countries' internal affairs; that can be found in the United Nations Charter as well as many international declarations and statements. Regrettably, incidents of interfering in other countries' internal affairs have taken place one after another. In the past, when the two superpowers dominated the world, it was primarily the United States and the USSR that interfered with other countries' internal affairs. The Soviet Army's invasion of Afghanistan and U.S. Army's invasion of Panama are the most conspicuous examples in our memory. In the wake of the disintegration of the USSR, the United States is the only country that can constantly interfere with other countries' internal affairs while claiming itself the international policeman.

The Inauguration of "Radio Free Asia" Is a Hegemonist Act

In recent years, the United States has consistently created disputes in its relations with China and has interfered with China's internal affairs, resulting in great disharmony in bilateral relations. Since U.S. President Clinton held a summit and invited Chinese State President Jiang Zemin to visit Seattle, the U.S. Administration's attitude toward China has tended to be realistic; ties between officials of the two sides have markedly increased; their mutual understanding has been greatly enhanced; and the momentum of development has been sound. However, anyone can see that there is always some element within the United States that is unwilling to see the normalization of international relations, especially Sino-U.S. relations, and is doing all it can to set up hurdles. The so-called "Radio Free Asia" that primarily targets China is precisely one of their most up-to-date inventions. A few days ago, the U.S. Senate officially adopted the bill on establishing "Radio Free Asia." Due to the U.S. economic recession, the United States is having difficulty making ends meet in its financial situation; the U.S. Federal Government has already received complaints from Los Angeles earthquake victims because it is unable to provide Los Angeles more money for relief purposes. Nevertheless, at this particular moment, they would rather spend a huge sum starting up "Radio Free Asia"—why? Its real aim is precisely to utilize the station to create disputes, instigate turmoil, and realize the goal of interfering the internal affairs of China as well as other Asian countries. This being the case, the bill has naturally met with opposition from China and the other Asian countries. Such behavior of brazenly trampling upon international law

and the criterion of international relations is a demonstration of its stubborn hegemonist ideas.

Be Vigilant Against the Americans' Frame-Up

Not long ago, news suddenly appeared in the U.S. press that prohibited chemicals that had been manufactured in China were found on a German vessel berthed in a Saudi Arabian port. The reports claimed that the marketing of these substances had been banned by an international agreement, and they could be used to create nuclear and biochemical weapons. When the news spread, many people associated it with the "Yinhe" incident that had been unilaterally created by the United States last summer. That incident went bankrupt due to the Americans' inferior handling of the situation; their plot was seen through and ended with their losing face throughout the world. The day before yesterday, the Chinese Ministry of Foreign Affairs spokesman explained the current issue. The fact was that, in response to the repeated requests of a U.S. company, a Chinese company sold a certain quantity of prohibited chemicals to that company in violation of the relevant regulations of the Chinese Government. The destination and purpose of those chemicals were entirely the business of the U.S. company in question. Of course, the matter must be investigated and clarified. Nevertheless, people cannot help but ask why the U.S. press should have singled out Saudi Arabia, Germany and China, but left out the country that was most directly related, namely, the United States? Was it out of neglect, omission, or a trick to feint to the east and attack in the west to deceive the public? Drawing a lesson from the "Yinhe" incident, people have ample grounds for asking a few more questions.

XINHUA Views State, Future of U.S. Economy

OW2801173194 Beijing XINHUA in English 1649
GMT 28 Jan 94

["News Analysis" by Wang Nan: "After a Whopping Ending, What's Next for U.S. Economy?"]

[Text] Washington, January 28 (XINHUA)—From 0.8 percent a year ago to 1.9 percent last spring. From 2.9 percent in autumn to the much-awaited whopping ending—5.9 percent growth in the fourth quarter.

The leap of last year's U.S. economy is a bit like crazy, casting the shadow of recession far and away.

But is such a progress sustainable or is it heading toward a nose dive?

"The last quarter is often supercharged, with Christmas shopping and everything," said Stuart Hoffman, chief economist for PNC Bank Corp. based in Pittsburgh. "This year is a different thing."

The Commerce Department reported today that the U.S. gross domestic product, the total goods and services

produced in the country, grew by 2.9 percent last year, the biggest climb since 1988.

Earlier, it was reported that the country's industrial production was up 4.2 percent last year, the biggest gain since 1988, housing starts and home resales reached four-year and 14-year high respectively, with consumer price gaining the smallest in seven years.

President Clinton is taking credit for the economic successes in 1993, especially with his respectable assault on the budget deficit. The deficit is expected to decline by another 40 percent in fiscal 1995.

The 20-year low interest rates, the direct result of budget cuts, is becoming a potent tool for pulling the economy out of recession, observers said.

But the upturn, as most observers see it, is mostly a product of the normal business cycle.

Last year, the strong productivity-enhancing investment was coupled with strong pent-up consumer demands, especially in automobiles and home furnishings.

In recent months, retail sales, sales of business equipment, home building, especially the single-family housing starts, and the long-in-the-doldrums merchandise export all turned for the better.

But the recovery has skipped some regions, California in particular, and left many workers still without jobs. The newly added jobs are mostly part time and substandard in earnings, observers here said.

There are four sectors remaining what economists described as "truly weak": defense production, civilian aircraft making, business spending for commercial real estate, and multi-family housing.

Some economists predicted the growth in 1994 will slow down because of the declining bank reserves, a key indicator for trading of bank loans, and consumer spending which they said has been out of line with real consumer income.

"There were numerous straws in the wind suggesting that the increase will not be sustainable in 1994," said Erich Herinemann, chief economist of New York-based investment company Ladernburg, Thalman & Co.. "Indeed, there are signs a slowdown may already be underway."

Another impediment is the danger of inflation. American Bankers Association (ABA) predicted on Thursday the consumer price index, the most common measure of inflation, will rise from 2.7 percent last year to 3.0 percent in 1994.

"While inflation has come down, underlying inflationary pressure cannot be counted out," ABA's economic advisory committee said in its semi-annual report. "Decisive action in the coming months would keep inflation on the ropes."

Some private forecasters, meanwhile, are worried about the tax hikes on the rich individuals who are resources for most new investments, and more government regulations in the health care industry.

"It's too early to tell how tax hikes will reduce potential economic growth," said Paul Merski, an economist with "citizens for a sound economy" in the nation's capital. "But it will be felt by hundreds of small businesses and their workers," he said.

XINHUA Reports U.S. Deputy Attorney General Resigns

OW2801001194 Beijing XINHUA in English 2213
GMT 27 Jan 94

[Text] Washington, January 27 (XINHUA)—Deputy Attorney General Philip Heymann, the No. 2 official in the U.S. Justice Department, resigned today because of different "operating and management styles" with Attorney General Janet Reno.

Yet, in a joint press conference, neither elaborated on what the operating and management differences were.

In a letter to President Bill Clinton this morning, Heymann, a Harvard law professor who headed the department's criminal division during the Carter administration, said: "The attorney general has concluded that our operational and management styles are too different for us to function fully effectively as a management team."

Heymann is in charge of many of the operational functions of the department and is a key manager in coordinating operations among department agencies, such as the FBI, the drug enforcement administration and the immigration and naturalization service.

The deputy attorney said he would stay on for a reasonable time so that a successor could be found. But he said he intended to return to teaching at Harvard University this summer.

Commercial Bank To Make Batch Purchases of U.S. Software

OW2801142394 Beijing XINHUA in English 1416
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—The Industrial and Commercial Bank of China has decided to bring in U.S. software for its computerization.

The Industrial and Commercial Bank, China's largest specialized bank, has taken the lead in the computerization of Chinese banks. At the end of last year, the bank signed a contract with Unix China Ltd. for the purchase of 2,000 sets of the Unix SVR 4.2/CE system valued at Rmb [renminbi] 3 million yuan.

Unix China Ltd. is a joint venture between companies from the U.S., Hong Kong and the Chinese mainland. The SVR 4.2 system was developed by the U.S. partners.

Jia Yaoliang, president of Unix China Ltd., said at today's press conference that the Industrial and Commercial Bank is the first large-scale state-owned Chinese financial enterprise to purchase licensed software in batches.

He also noted that the bank's purchase of licensed software will reflect China's implementation of regulations for software protection, as well as establish China's software industry and promote international cooperation.

Central Eurasia

XINHUA Notes Kozyrev's Remarks on Russo-Sino Relations

OW3001105794 Beijing XINHUA in English 1016
GMT 30 Jan 94

[Text] Moscow, January 30 (XINHUA)—Russia and China have established new relationships based on normal cooperation, said Russian Foreign Minister Andrey Vladimirovich Kozyrev today.

Kozyrev made the remarks in an interview with the ITAR-TASS News Agency when he was flying home Sunday [30 January] morning from an official visit to China, during which he held talks with his Chinese counterpart Qian Qichen on the development of bilateral relations.

He said the relations between the two nations are now more than normal, as border trade and cooperation in economy, military technology and other areas are making headway.

But still there are new areas to be tapped for bilateral cooperation, the Russian minister noted.

Kozyrev also said it is possible for the two powers to coordinate their interests in Asia and worldwide.

Russia Signs Military Cooperation Plan With NATO

OW2801171794 Beijing XINHUA in English 1536
GMT 28 Jan 94

[Text] Moscow, January 28 (XINHUA)—The Russian Defense Ministry signed a 1994 bilateral military cooperation plan with a visiting NATO delegation here today.

The ITAR-TASS NEWS AGENCY said the plan contains 50 cooperative items including the exchange of military leaders and experts, joint military maneuvers and training exercises as well as opportunities for Russian officers to visit NATO states for advanced studies in military academies there.

The NATO delegation arrived in Moscow on Thursday [27 January] and both sides have held talks on how to

find a solution to the crises in hot-spot areas amongst countries who are members of the commonwealth of independent states.

The delegation said NATO will provide aid to Russian peacekeepers in these areas, but will not become directly involved in peacekeeping action by deploying forces.

NATO maintains, however, that Russia's peacekeeping operations in the trouble areas of the former Soviet Union should be under the control of the United Nations.

Russia To Increase Agricultural Reform Efforts

OW2801175594 Beijing XINHUA in English 1705
GMT 28 Jan 94

[Text] Moscow, January 28 (XINHUA)—Russia's vice prime minister in charge of agriculture, Aleksandr Zaveryukha, said today that the reform of the country's agro-industrial complexes are to be speeded up and deepened.

Zaveryukha told a news conference Russia's agriculture is facing difficulties as many farms do not have enough money to buy machinery, fertilizer and fuels.

The minister listened to a criticism by former Finance Minister Boris Fedorov, who said that Zaveryukha's demand for more money for the complexes he is in charge of is "excessive." such criticism was "absurd," Zaveryukha said.

However, Zaveryukha stressed that the situation may even worsen if the country's agriculture industry isn't funded properly.

Referring to the 1993 harvest, when Russia realized a total of 100 million tons of grain, Zaveryukha said that the crop did not reach the expected output due to climatic and financial problems.

Zaveryukha said that the government will continue to carry out the reforms and impose its tough financial policies, pointing out that the new cabinet is conforming to the needs of the times.

'Roundup' Views Belarussian Political Situation

OW2901181994 Beijing XINHUA in English 1741
GMT 29 Jan 94

["Roundup": "Election of New Speaker Calms Belarus Parliament"]

[Text] Moscow, January 29 (XINHUA)—The Belarussian parliament calmed the political turmoil that has swept through it this week by electing Mechyslav Grib as its new speaker on Friday [29 January] night.

This followed a two-round ballot to replace the former speaker Stanislav Shushkevich who was fired earlier this week in a secret ballot in parliament.

Grib, a professional lawyer, is head of the parliament's permanent commission for national security, defense and anti-crime struggle.

Regarded as a supporter of Prime Minister Vyacheslav Kebich, Grib favors deepening the integration with Russia and supports government plans to combat the country's current economic crisis.

Grib's predecessor, Shushkevich, lost a no-confidence vote Wednesday after being criticized for "having not taken effective steps against corruption."

But analysts said that the change was an inevitable outcome of the long-term disagreements within Belarusian parliament. They said that the charges against Shushkevich were just an excuse used to oust him because he advocates a market economy and supports neutrality in diplomacy.

Shushkevich became the speaker of the Belarussian parliament after the "August 19" incident of 1991. But he didn't set up his own group in the parliament while in office and held different views from the Kebich-led majority group on major policies to be followed by Belarus as an independent state.

The majority group believes that the former Soviet republic cannot maintain absolute neutrality under the present situation, and that instead, must cooperate with Russia in economic areas due to historical ties.

Before Wednesday's sacking of Shushkevich, the parliament had made three attempts to vote him out of office. Last July, the parliament failed to oust the former speaker by just eight votes. He had opposed Belarus signing the collective security treaty of the CIS.

In a bid to shake off this crisis of confidence in him, Shushkevich set about improving relations with the majority group in recent months.

But Shushkevich's plans backfired. He not only failed to win more support but also lost even more of his backers.

Observers pointed out that Belarus has returned again to a situation where the country is governed by only one political force.

Prime Minister Kebich promised on Friday that his government will continue its reform efforts towards a market economy. However, he said, the reform policy will be revised fundamentally on the basis of careful consideration and that the country will not take the road of radical reform as was adopted by Russia.

Northeast Asia

DPRK Says U.S. Military Buildup 'Grave Provocation'

OW3001163294 Beijing XINHUA in English 1511
GMT 30 Jan 94

[Text] Pyongyang, January 30 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today

accused the United States of strengthening its military forces in South Korea, warning that the moves could bring the situation on the Korean peninsula to the brink of war.

A spokesman from the Committee for the Peaceful Reunification of the Fatherland said in a statement that the U.S. military activity was a grave provocation which will never be tolerated.

According to reports, the United States has sent a "U.S. state intelligence-supporting team" to South Korea aimed at intensifying its activities for selecting intelligence about the DPRK. The reports also say the U.S. plans to deploy Patriot missiles in South Korea.

Meanwhile, the United States has stated that it will stage other types of joint military exercises with South Korea to replace the "Team Spirit" exercise which may be halted this year.

The statement from DPRK said the move by U.S. and South Korean military was a well planned provocation which will drive the situation on the Korean peninsula to the brink of war.

It has also created an obstacle for the solution of the nuclear issue on the Korean peninsula, the statement added.

The spokesman declared that the DPRK has prepared either for dialogue or for war. "Our people will never tolerate these dangerous hostile acts or the latest war provocation moves of the U.S. and South Korean rulers," he stressed.

He demanded that the United States stop the provocation and immediately withdraw its troops, intelligence personnel and nuclear weapons from South Korea.

XINHUA Notes Japanese Parties Reach Reform Compromise

OW2801175094 Beijing XINHUA in English 1648
GMT 28 Jan 94

[Text] Tokyo, January 28 (XINHUA)—Japanese Prime Minister Morihiro Hosokawa and Yohei Kono, head of the opposition Liberal Democratic Party (LDP), finally reached a compromise on political reform bills at a meeting tonight, after desperate efforts to end a week-long impasse.

The new accord will see members of the House of Representatives elected through a combination of 300 single-seat constituencies and 200 proportional representation seats to be distributed in 11 electoral blocs across the country.

The new formula will replace the existing multi-seat constituencies.

On the question of political donations, the compromise agreement will allow individual politicians to designate one organization to collect funds from corporations.

The compromise came after a joint committee of both houses of the Diet (parliament) had failed to settle the past week's differences between the ruling coalition and opposition parties.

In a last-minute bid to avoid a political crisis, Takako Doi, speaker of the lower house, invited Hosokawa and Kono to hold a meeting and after two hours they reached a basic accord.

It is likely that the compromise plan may be tabled to the Diet for a vote tomorrow, the last day for the current parliamentary session.

In the original proposals, the coalition advocated 274 single-seat districts and 226 seats allotted by proportional representation, while the LDP wanted 300 single-seat constituencies and 200 seats allotted by proportional representation.

The ruling parties, meanwhile, were in favor of a ban on political donations but the LDP called for limited fund-raising for individual politicians.

Diet Approves Reform Bills

OW2901190994 Beijing XINHUA in English 1828
GMT 29 Jan 94

[Text] Tokyo, January 29 (XINHUA)—Japan's Diet finally approved the government-proposed package of political reform bills today following a stand-up vote by both houses of the parliament.

The approval saved led Prime Minister Morihiro Hosokawa a deep political crisis—the resignation of the entire cabinet or a dissolution of parliament for a snap election. [sentence as received]

Hosokawa himself had indicated earlier he would quit if he failed to get the reform measures passed during the current parliamentary session which ended today.

The package was a compromise version of the original reform bills. The deal was struck last night at a meeting between Hosokawa and Yohei Kono, head of the opposition Liberal Democratic Party (LDP).

But no date is set for the implementation of the adopted bills. Under the compromise deal, the revision of these bills will be deliberated in the next regular Diet session which is scheduled to open Monday [31 January].

According to the new version of the package, members of the lower house will be elected through a combination of 300 single-seat districts and 200 seats of proportional representation based on 11 blocs across the country. The ruling coalition had proposed a 274-226 split.

On anti-corruption measures, the compromise plan permits corporations or organizations to offer limited donations to local legislators instead of Diet members.

The version also promises that such corporate donations will be completely banned in five years. The original bills stood for a blanket ban on such donations with immediate effect.

The political reforms, which are aimed at eliminating "money politics" and enhancing political openness, have been debated in Japan for years.

Unlike his predecessors, Hosokawa has promised to make the political reforms his top priority since he took office last August and hinted he would resign if reform legislation failed.

His original reform bills received a nod from the lower house of the parliament last November, but was rejected by the upper house last week because of the rebellion of 20 deputies of the socialists, the biggest partner within the coalition government.

The passage of the reform bills leaves the Hosokawa government free to concentrate on mapping out measures to pull the economy out of a persistent recession.

Hosokawa also must turn his attention to working out the 1994 fiscal budget and solving the trade dispute with the United States.

However, the government still faces the uphill task of pushing ahead with the reforms, as many socialist lawmakers have publicly said "no" to the part of the government plan which allows individual politicians to accept limited donations.

Southeast Asia & Pacific

Philippine President Claims PRC, U.S. Vital to Security

OW2901122994 Beijing XINHUA in English 1108
GMT 29 Jan 94

[Text] Manila, January 29 (XINHUA)—China and the United States play a "vital role" in the Asia-Pacific regional security, President Fidel Ramos said in a letter to South Korean President Kim Yong-sam.

Copies of the letter was released today by the Presidential Palace and was said to be delivered by former President Corazon Aquino who is visiting Seoul as guest of honor of a forum sponsored by the Kim Tae-chung Peace Foundation for the Asia-Pacific Region.

"The relationship between China and the United States is important for the security of our region and that the current difficulties besetting that relationship should be resolved with the long-term interest of the region in mind," Ramos said in the letter.

He did not elaborate how the Philippines and South Korea could help ease the difficulties between China and U.S., mainly disagreement on human rights and trade issues.

Ramos also sought Kim's views, saying he would be grateful for the South Korean president's support on this matter.

The two presidents met twice since they assumed offices, one in Seoul last May during Ramos' state visit to South Korea, the other in Seattle last November when both attended the informal meeting of leaders of the Asia Pacific Economic Cooperation forum (APEC).

"We learned that much could be achieved for our region through frank and informal exchanges of views and opinions," Ramos said.

Philippine Investors Form Joint Venture To Launch Satellite

OW2801134694 Beijing XINHUA in English 1236 GMT 28 Jan 94

[Text] Manila, January 28 (XINHUA)—A group of Chinese investors and their Filipino counterparts today formed a joint venture company that will operate the first communications satellite for the Philippines.

The joint venture, named as the Philippine Satellite Consortium, was created in compliance with a contract signed by Beijing Highden Enterprise Ltd., subsidiary of China Everbright Group Companies, and a Philippine consortium led by the CLMC Group.

Lu Changsheng, director and president of the Beijing Highden, said the Philippine Satellite Consortium will buy and launch a communications satellite for the country in two to three years upon the approval by the government of the joint venture project.

The project, dubbed as "Philippines Satellite 2000," will require at least 200 million U.S. dollars, Lu said.

It is one of the joint ventures agreed by the Filipino and Chinese investors during President Fidel Ramos' state visit to China last April.

China has committed the Philippine Government that the satellite will be totally owned, controlled and operated by Filipinos.

Roberto de Venenya, president of the CLMC Group, said during a press conference held here today that the Philippines is fully confident of the Chinese technologies in the manufacturing and launching of satellites.

Therefore, he said the China Great Wall Industry Corporation (CGWIC), the only government-authorized company responsible for and providing launching services of commercial rockets and manufacture of communications satellites, is one of the strongest competitors for the project.

The CGWIC has already launched three communications satellites and two scientific experiment satellites for users from Hong Kong, Australia, Pakistan and Sweden since it began providing launching service for foreign users in 1990.

Vietnam Welcomes U.S. Senate Vote on Ending Sanctions

OW2801140694 Beijing XINHUA in English 1358 GMT 28 Jan 94

[Text] Hanoi, January 28 (XINHUA)—Vietnam today welcomed the United States Senate's vote for a resolution urging President Bill Clinton to lift the economic embargo against the country.

The Vietnamese Foreign Ministry described the vote as a "positive move which is in accordance with the reality and aspirations of the American people."

"The resolution would receive extensive support from the United States and from world public opinion," it said in a written reply to reporters' questions.

The U.S. Senate voted 62-38 in favor of the resolution calling for the lifting of the 20-year-old economic embargo.

The embargo imposed on Vietnam in 1964 [date as received] by Washington extended to cover the whole of the country after the south was liberated in 1975.

The U.S. Administration has maintained that Vietnam's cooperation in fully solving the issue of American prisoners of war and missing-in-actions is the precondition for lifting sanctions and the normalization of relations between the two countries.

U.S. Administration Continues Embargo

OW2801225394 Beijing XINHUA in English 2116 GMT 28 Jan 94

[Text] Washington, January 28 (XINHUA)—The U.S. Administration has not made any decision on the lifting of the trade embargo against Vietnam, the State Department said here today.

The U.S. Senate voted by 62 to 38 yesterday to urge the Clinton administration to lift expeditiously the U.S. embargo on trade with Vietnam.

The department spokeswoman Christine Shelly told a regular news briefing that "no decision has been made there on the lifting of the trade embargo and there isn't any time frame for reaching such a decision."

Shelly said, "It's something which remains under review, and the administration has indicated that it would consider the views of all sides of this issue," including the Senate resolution.

She also said there are some who believe that U.S. should move on to the normalization of relations with Vietnam and there are others who think that the continued accounting for the POWs and the MIAs absolutely must come first.

"There are arguments that can be made on both sides," Shelly said, "but I don't think the administration has specifically taken a position on one or the other."

However, she noted that "the President has linked further progress in our relations with Vietnam to achieving the fullest possible accounting on the POWs and the MIAs."

"The key thing for us is to get to the point where we are completely satisfied with the accounting for the POWs and the MIAs and then to take things from there," Shelly added.

Near East & South Asia

Israel Decides To Purchase F-15I Jet Fighters

OW2801124194 Beijing XINHUA Domestic Service in Chinese 0819 GMT 28 Jan 94

[Beijing XINHUA Domestic Service in Chinese at 0740 GMT on 28 January transmits a service message replacing the item headlined "XINHUA Reports Israel To Purchase U.S. F15-I Planes" published in the 28 China Daily Report on page nine with the following report]

[Text] Jerusalem, 27 Jan (XINHUA)—'Oded Ben-'Ami, spokesman for Israeli Prime Minister and Defense Minister Rabin, announced here this evening that Rabin had accepted the recommendation of the Israeli military and gave the Israeli Air Force his concurrence to purchase 20 F-15I jet fighters manufactured by the U.S. McDonnell Douglas company.

The F-15I jet fighter is another model of the F-15E, which McDonnell Douglas builds especially for Israel. Many consider the F-15E the most advanced fighter in the world today.

Ben-'Ami said purchasing the F-15I fighters will improve the "qualitative superiority" of the Israeli Air Force.

Rabin's decision has put an end to the fierce two-year competition between McDonnell Douglas and Lockheed, with McDonnell Douglas Company eventually winning the \$2 billion contract. According to the contract, the jet fighters will be delivered to Israel by the end of 1997.

Vice Foreign Minister Meets Kuwaiti Envoy 28 Jan

OW2801132894 Beijing XINHUA in English 1256 GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—Chinese Vice-Foreign Minister Tian Zengpei met with Muhammad Abu-Hassan, special envoy of the Kuwaiti Government, here this evening.

The two sides exchanged views on issues of common concern.

During the meeting, Abu-Hassan briefed Tian on the latest development in the Kuwait-Iraq implementation of relevant resolutions of the United Nations.

Tian said that the Chinese Government holds that the U.N. resolutions should be carried out completely and earnestly, in hopes that problems lingering from the war will be solved quickly so as to restore security and stability in the region.

Abu-Hassan arrived here yesterday.

Sudanese President Comments on 'Special Friendly Ties'

OW3001022794 Beijing XINHUA Domestic Service in Chinese 1532 GMT 22 Jan 94

[By reporters Wang Yadong (3769 0068 2639), Li Houzhi (2621 0624 1807), and RENMIN RIBAO reporter Liu Shuming (0491 3055 2494)]

[Text] Khartoum, 22 Jan (XINHUA)—Sudanese President Bashir said: Between Sudan and China, there are special friendly ties that are different from the others and are growing day by day.

Bashir made these remarks during an interview with Chinese journalists at the Friendship Hall of the capital Khartoum this afternoon.

He said: Sudan and China support and respect each other in political issues. With China's support, Sudan has constructed a number of projects and the Chinese people offer their support to Sudan without attaching any conditions. China has never interfered in Sudan's internal affairs; the recent friendly visit of Qian Qichen, Chinese vice premier and foreign minister, has promoted bilateral relations to a new stage.

Bashir noted: Sudan has drawn up a long-term program for economic development and it will face the Orient and open up to Asian countries to develop its economy and overcome current difficulties. Sudan welcomes investment from Chinese entrepreneurs and hopes to expand its cooperation with China in the economic field.

Speaking on Sudan's southern problem, Bashir stressed: The southern problem is a political issue, which can only be solved through political negotiations. As soon as the National Salvation Revolution Command Council took power, it convened a national meeting with participation of people from various parties, seeking appropriate ways to solve the southern problem. Following this meeting, it held peace talks with the opposition forces of the south in Addis Ababa, Nairobi, and Abuja. The protracted civil war in the south has harmed the interests of the Sudanese people. The Sudanese Government has paid great attention to the settlement of this problem through peaceful means and has made unremitting efforts toward this.

West Europe

Beijing Attacks UK Foreign Affairs Committee on Tibet*HK3001073694 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 30 Jan 94 p 2**[From David Healy in London]*

[Text] Political relations between Beijing and London have sunk to a new low over Hong Kong, with an angry exchange of letters between senior figures in the two capitals, a British source has revealed. Beijing has launched a "coded" attack on the House of Commons Foreign Affairs Committee (FAC) investigation into Sino-British relations and their effect on Hong Kong. The committee is preparing a report expected to firmly back Governor Chris Patten's reforms. The influential British parliamentary committee has responded by rejecting the Chinese attack.

An angry letter from the Foreign Affairs Committee of China's National People's Congress—a copy of which has been obtained by the SUNDAY MORNING POST—claims its British counterparts have "grossly interfered in the internal affairs of China and severely trampled upon the norms governing international relations" by investigating Beijing's human rights record in Tibet. It warns of the consequences for "bilateral relations" of the British parliamentarians' investigation, and threatens that it will "undermine the normal exchanges between the two parliaments".

"The Chinese side has done nothing to harm Britain and its Parliament. However, in disregard of the sound relations between the two parliaments, a small number of British MPs have grossly interfered in China's internal affairs. This has not only seriously hurt the national feelings of the Chinese people but also contravened the position of the British Government," the letter alleged.

Although ostensibly concerning the committee's investigation of human rights in Tibet, one senior member said they were taking the letter as a coded attack on their inquiry into Hong Kong, which recently heard evidence from Mr Patten and will this week question Foreign Secretary Douglas Hurd on the issue. "Make no mistake about it. This letter is not just about Tibet. It's a message of how bitter the Chinese side feels about Hong Kong," the committee member said.

"They know we're going to come out in support of Chris Patten and insist in our report that there must be human rights safeguards in Hong Kong...this is a coded message to us about how they feel over our stand on Hong Kong.

"Our view is that the Chinese record on human rights in Tibet is one way of judging what they might do in Hong Kong," he added. A source said the British parliamentary committee had drafted a response rejecting the accusations.

Beijing's letter was provoked by a December 8 hearing which called as a witness Tashi Wangdi, foreign minister for the Tibetan government in exile, headed by the Dalai Lama. China does not recognise the Dalai Lama's government, and frequently protests against the activities of its members in foreign countries.

"The Foreign Affairs Committee allowed its hearing to be used by the so-called 'witness' to shamelessly deny China's sovereignty over Tibet and flagrantly advocate the independence of Tibet. The political motive of the committee in doing so was all too clear," the letter said. "Such an act of the committee constituted open support of and connivance with the political activities of the Dalai clique aimed at opposing the Chinese Government and splitting the motherland."

NPC Chairman Qiao Shi Continues Visit to Austria**Meets Federal Council Leaders***OW2801154894 Beijing XINHUA in English 1517 GMT 28 Jan 94*

[Text] Vienna, January 28 (XINHUA)—A senior Chinese leader said here today that the People's Republic of China has tried its best to develop democracy since its founding.

In the process of developing democracy, China will not copy from the modes of foreign countries, but should learn from other's useful experiences according to its own national conditions.

"This is the way that we have chosen," said Qiao Shi, visiting chairman of China's National People's Congress (NPC) Standing Committee, at a meeting with President Alfred Gerstl and Vice-Presidents Walter Strutzenberger and Herbert Schambeck, of the Federal Council of Austria.

Qiao said China and Austria are in the different period of development. There still exists a gap between the two countries in economic growth.

However, "this does not affect our bilateral ties. On the contrary, it makes us to place greater importance on promoting our friendship and friendly ties," he said.

Gerstl thanked China for taking care of Jewish refugees in Shanghai during World War II.

Meanwhile, he presented Qiao with a book which records the history of Jewish nation.

Qiao said the Chinese people have always sympathized with the Jewish nation when it is struggling for its own subsistence.

Schambeck said he quite agreed with Qiao's view on the development of democracy, adding that democracy must be linked with a country's stability.

Strutzenberger said since the establishment of diplomatic ties between the two countries 23 years ago, their relationship has been developed very well.

Austria welcomes and appreciates China's successful policy of opening to the outside world, he said.

Cao Zhi, secretary-general of the NPC Standing Committee, attended the meeting.

Attends Luncheon

OW2801174994 Beijing XINHUA in English 1722
GMT 28 Jan 94

[Text] Vienna, January 28 (XINHUA)—Top Chinese legislator Qiao Shi said here today that he believed that his current visit to Austria will achieve a success.

Qiao Shi, chairman of the China's National People's Congress (NPC) Standing Committee, made these remarks at a luncheon in honor of him hosted by Heinz Fischer, president of the National Council of Austria, here today.

Qiao, who is paying an official goodwill visit to Austria as the guest of Fischer, said over the past two days, he has had very good meetings and talks with the Austrian leaders.

"We have shared identical views on most of the major issues, and also had temporarily different views on some other issues," he said.

However, he said, there is a hope we can gradually reach identical or similar views through further discussions."

He said, since China and Austria established diplomatic ties in 1971, the two countries have enjoyed sound relationship.

Looking toward the future, he said such ties will become closer, he added.

Fischer said he has talked a lot with Qiao over the past two days. To exchange views with each other is of great significance, he added.

He said he believed that at the end of Qiao's visit to Austria, he will feel that he has visited a country full of friendly sentiments toward China.

Fischer wished China prosperity and development.

The banquet proceeded in a warm and friendly atmosphere.

Meets Austrian President

OW2801192394 Beijing XINHUA in English 1854
GMT 28 Jan 94

[Text] Vienna, January 28 (XINHUA)—Austrian President Thomas Klestil said here today that his country attaches importance to China's important position and influence in the world affairs.

Meeting with Qiao Shi, visiting chairman of China's National People's Congress (NPC) Standing Committee, here this afternoon, Klestil also noted a rapid economic growth in China.

He said Austria hopes to develop its ties with China.

The Austrian industrialists also want to strengthen cooperation with their Chinese counterparts, he said.

Qiao Shi said China is willing to boost its friendly ties and cooperation with Austria.

He said he was convinced that the relationship between the two countries established on the existing basis will advance continuously.

"We also desire to enhance cooperation with Austria in the fields of economy and trade," he added.

During the meeting, the two sides exchanged views on situation in Asia and Europe and the relevant international issues as well.

Qiao said China, as a peaceful force in Asia and the rest of the world, is playing a stable role in international affairs.

Qiao conveyed greetings from Chinese President Jiang Zemin to Klestil. Klestil also asked Qiao to convey his good wishes to Jiang Zemin.

Qiao's wife Yu Wen, and Cao Zhi, secretary-general of the NPC Standing Committee, were present at the meeting.

Also attending the meeting was Heinz Fischer, president of the National Council of Austria,

Attends Reception

OW2801234494 Beijing XINHUA in English 2247
GMT 28 Jan 94

[Text] Vienna, January 28 (XINHUA)—Hu Benyao, Chinese ambassador to Austria, gave a reception here this evening on the occasion of the visit to Austria by Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee.

Among those present were Heinz Fischer, president of the National Council of Austria, and his wife.

Also present were Kurt Waldheim, former Austrian president, Alfred Gerstl, president of the Federal Council of Austria, Walter Strutzenberger and Herbert Schambeck, vice-presidents of the Federal Council of Austria.

Qiao's wife Yu Wen and secretary-general of the NPC Standing Committee, Cao Zhi, also took part in the reception.

Ends Visit

OW3001171594 Beijing XINHUA in English 1700
GMT 30 Jan 94

[Text] Vienna, January 30 (XINHUA)—Qiao Shi, China's chairman of the National People's Congress (NPC) Standing Committee, left here for home by special plane this afternoon at the end of his official goodwill visit to Austria.

Qiao said he was satisfied with the results of his visit to Austria in a message sent to Heinz Fischer, president of the National Assembly of Austria, after his departure from Vienna.

During the visit, he said he had exchanged in depth views with Fischer and other Austrian leaders on bilateral relations and international issues and found much in common, which would promote mutual understanding, cooperation and friendship.

"I am sure that with concerted efforts the Sino-Austrian relationship will be further developed," he said.

Fischer said goodbye to Qiao at Austria's official guest-house and then saw the party off at the airport.

Also seeing them off at the airport was China's Ambassador to Austria Hu Benyao, the Chinese representative to the United Nations and other international organizations in Vienna Chen Shiqiu, and the Austrian Ambassador to China Dietrich Bukowski.

Before he arrived here on January 26, Qiao had visited Germany and Switzerland.

Arrives in Beijing

OW3101035594 Beijing XINHUA in English 0304
GMT 31 Jan 94

[Text] Beijing, January 31 (XINHUA)—Chairman Qiao Shi of the Standing Committee of the National People's Congress (NPC) flew in here today after concluding a 15-day official, friendship visit to Germany, Switzerland and Austria.

He was greeted in the Great Hall of the People by Chairman Li Ruihuan of the national committee of the Chinese People's Political Consultative Conference, NPC Vice-Chairmen Tian Jiyun, Wang Hanbin and Li Peiyao as well as diplomatic envoys of the three European countries to China.

'Roundup' Says Qiao's European Trip 'Great Success'

OW3001172094 Beijing XINHUA in English 1657
GMT 30 Jan 94

["Roundup": "Qiao Shi's Three-West European Nation Tour Successful"]

[Text] Vienna, January 30 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC)

Standing Committee, today ended his 15-day official goodwill visit to Germany, Switzerland and Austria with a great success.

Qiao is the first top NPC leader to visit West Europe since New China was founded in 1949, and also another significant visit abroad following his five-ASEAN nation tour last year.

Sources from the NPC said: "The visit marks that the relationship between China and these three countries have entered a new stage of the all-round development."

During the visit, Qiao had talks and meetings on more than 20 separate occasions with the three countries' presidents, government and parliament leaders and exchanged views with them on bilateral ties, parliament-to-parliament exchanges and cooperation in particular, international or regional situation as well as issues of common concern.

"They have reached consensus on a wide range of issues, thus promoting mutual understanding and friendship and laying a sound basis for developing bilateral ties in depth, the sources said, adding that "the visit has achieved anticipated results."

During the talks and meetings, the leaders between China and the three countries all set their eyes on their future relationship.

All of them agreed that furthering and enhancing the existing good ties between China and the three countries will not only benefit the both, but also play an unmeasurable roles in safeguarding the world peace and stability.

China and Germany are two important and influential countries in the world.

During the visit, the leaders of the two countries had the full confidence in the prospects for bilateral ties.

Qiao stressed that in developing Sino-German ties, the two countries should not only set their eyes on the 90s in this century, but also toward the next century.

He said it is imperative to handle such relationship with a strategic sight and develop long-term and stable friendly ties and cooperation between the two countries straddling across the next century on the basis of mutual respect and trust, seeking common ground while reserving differences and equality and mutual benefit.

Switzerland is one of the first Western countries to establish diplomatic ties with China.

The two sides shared a common view that vigorous and dynamic economy in China will create more favorable conditions for the expansion of the all-round development of bilateral relations.

The Swiss side showed great interest in conducting economic cooperation with China.

Austria which is regarded as the "home of music" has enjoyed special and good relations with China.

Qiao noted during the visit that both China and Austria are in the different period for development. There still exists a gap between the two countries in economic growth. But it does not affect bilateral ties, and on the contrary makes them attach greater importance to their friendship and ties in the future.

The past few years have seen rapid development of bilateral economic ties and trade.

Statistics show that from January to November last year, the volume of trade between China on the one hand, Germany, Switzerland and Austria on the other amounted respectively to 8.34 billion U.S. dollars, 1.08 billion U.S. dollars and 364 million U.S. dollars, representing increases of 64.3 percent, 91.6 percent and 5.9 percent respectively compared with the same period of 1992.

By the end of last June, the number of the German-invested enterprises in China rose to 386 with a total investment of 1.365 billion U.S. dollars.

Switzerland invested a total of 210 million U.S. dollars in 88 enterprises in China.

Qiao's visit to these three countries opened a broad prospect for such economic ties and trade.

During the visit, Qiao Shi also held working talks with top parliamentary leaders of the three countries, exchanged with them experiences on the parliament work, thus playing a positive role in strengthening cooperation and exchanges between the NPC and the three parliaments.

Qiao formally invited Rita Suessmuth, president of the National Assembly of Germany, to visit China and welcomed Austrian Foreign Minister Alois Mock to China too.

Qiao also announced the establishment of a China-Germany friendship group for parliamentary members.

Qiao also reaffirmed China's consistent stand on the issues of human rights and Tibet. The central government's policy toward dalai lama remains unchanged, he said.

"Dalai Lama is welcome to Tibet. Every issue that we can talk about, except the issue of 'Tibet independence'," he said. [sentence as received]

On the issue of human rights, Qiao said it is imperative to integrate with every country's reality while talking about this issue.

Qiao expounded this issue to the leaders of the three countries by using China's modern history.

He said: "It is an arduous task for us to solve the problems of clothing, food, housing, transportation, education and employment in China which has a population of 1.1 billion."

The aim of safeguarding state sovereignty and maintaining its domestic stability by the Chinese Government is to continuously guarantee its reform and opening up. "The fundamental way to ensure the Chinese people to enjoy the human rights is to concentrate our efforts on developing economy and productive forces, raise our comprehensive national strength and improve the people's living standards," Qiao said.

Both Qiao and the leaders of the three countries held that the direct dialogues between them on the relevant issues of common concern is beneficial to promoting mutual understanding and trust on the basis of seeking common ground while reserving differences.

Looking toward the future, it is believed that Qiao's visit to the three countries will exert a great influence on the promoting closer relationship between China and the three countries.

French Special Envoy Hopes for Sustained Ties With China

OW2801161294 Beijing XINHUA in English 1555 GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—Alain Peyrefitte, visiting special envoy of French Prime Minister Balladur, voiced his hope here today that the French-Chinese "friendship train" would keep running at a sustained high speed.

The French envoy expressed this hope at a reception held here this evening by the Chinese People's Association for Friendship With Foreign Countries (CPAFF) to mark the 30th anniversary of the establishment of Sino-French diplomatic ties.

In his speech, Peyrefitte said his country has always held that the People's Republic of China is the sole legitimate Government of China.

After the two countries overcame the recent crisis between them, the bilateral ties have been thrust back onto a right track, he said.

"We see with pleasure that the two governments have reached agreements on the improving of Sino-French ties," said Han Xu, CPAFF president.

"The clouds over the bilateral ties have been dispelled," Han said, adding that these ties have been brought back to normal and would be further developed.

"China's reform and opening and its modernization drive have entered into a new phase of development, which provides bright prospects for Sino-French cooperation and the friendly contacts between the two peoples," he said.

Among those present at the reception were Wang Hanbin, vice-chairman of the Standing Committee of the Chinese National People's Congress, French Ambassador to China Francois Plaisant and visiting French Senator and Admiral Philippe de Gaulle.

Attends Reception Marking Ties

*OW2901143094 Beijing XINHUA in English 1414
GMT 29 Jan 94*

[Text] Beijing, January 29 (XINHUA)—French Ambassador to China Francois Plaisant held a reception here

today to celebrate the 30th anniversary of the establishment of Sino-French diplomatic relations.

Alain Peyrefitte, special envoy of French Prime Minister Balladur, who made a special trip to China, took part in the reception.

Chinese Minister of Power Industry Shi Dazhen and Vice-Foreign Minister Tian Zengpei were also present on the occasion.

Political & Social

Li Ruihuan Addresses Forum on Religious Work

OW2901161694 Beijing XINHUA in English 1538
GMT 29 Jan 94

[Text] Beijing, January 29 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Committee (CPPCC), said here today that religious work in China is facing a new situation as the country is shifting to a socialist market economy.

Li, also a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, made the remark at a forum on religious work attended by leaders of religious organizations from all over the country.

Li Ruihuan called on party and government organizations at all levels to further study, better understand and implement the party's religious policies.

He urged them to help religious organizations as well as religious people to solve their actual difficulties and problems and deal with religious affairs according to law.

Religious organizations should unite and encourage religious believers to take an active part in the country's opening up and reforms as well as the modernization drive and promote the socialist market economy being established in the country, Li said.

He hoped that religious work departments and religious organizations will work together to achieve an even more harmonious relationship and to deal with religious affairs even better.

Beijing Holds Forum on Ideological, Media Work

Zhu Rongji Addresses Reform Issue

OW2801171094 Beijing XINHUA in English 1551
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—Chinese Vice-Premier Zhu Rongji stressed today that to mobilize the whole nation to give firm support to and take an active part in the country's current reform is one of the major tasks of the ideological and media workers.

Zhu, also member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party (CCPCC), made the remark at an on-going national conference on ideological and media work in Beijing.

He urged those working on the ideological and media front to serve the overall needs of "seizing opportunities, deepening the reform, opening wider to the outside world, promoting economic development and maintaining social stability".

He said that ideological and media work should give correct guidance and have a clear-cut stand supporting reform.

Ideological workers must have a good understanding of the party's range of policies and make full, correct and timely reports on economic development as a whole, he said.

The vice-premier pointed out that the principle of "telling the truth, bringing the initiative of the masses into full play, and achieving actual gains" should be carried out to promote a sustained, fast and sound economic development.

It is a bounden duty for the ideological and media workers to maintain social stability and to give the broad masses a clear explanation of the party's policies in the course of reform, he said.

Zhu fully affirmed the great achievements made by the ideological and media workers in the reform and economic development over the past decade, and he also briefed the conference participants on the national economic development in 1993.

Speaking of the current favorable climate of reform and opening to the outside world, he said that the theory of building socialism with Chinese characteristics has struck root in the hearts of the people after a decade of reform.

And the party and the government have accumulated a wealth of experience, he said, adding that China's economic development has been encouraging since the publication of Deng Xiaoping's important speech in 1992.

He said that some problems that occurred on the way forward have been solved by taking a range of macro-economic control measures.

The framework of a socialist market economic structure worked out by the Third Plenary Session of the Eighth National Congress of the CCPCC has laid a solid ideological foundation for implementing the current reform policies, Zhu said.

Zhu emphasized that the current rare historical opportunities should be seized firmly and valued highly "to do what we wanted to do in the past, but could not do."

When talking about the reform program for this year, Zhu said, "the preparatory work is adequate and we are quite ready to overcome the difficulties before us."

The vice-premier quoted Deng Xiaoping as saying "the whole party and the whole nation must be told that it is a hard task" and "there are no perfect policies or methods."

He noted that the main risk, currently, does not lie in the reform itself, but in the overexpansion of investment in

fixed assets, which has gone beyond the capacity of the nation to build on the investment.

The agricultural problem remains outstanding, he pointed out, adding that some people are keen on creating a larger scale or faster speed or high consumption.

"They are not interested in the economic returns, practicing of economy, making profits, and taking care of the well-being of the broad masses," he said.

He stressed that this situation must be changed.

The vice-premier said that great efforts should be made this year to cut down on the scale of fixed asset investment and to continue the development of the rural economy.

He stressed that party committees and governments at all levels must pay still more attention to the reform and the leading cadres must stand in the forefront of carrying out the reform program in the new year.

Ding Guangen Speaks on Economy

OW2901125094 Beijing XINHUA in English 1232 GMT 29 Jan 94

[Text] Beijing, January 29 (XINHUA)—The reform of ideological and media work must meet the needs of a socialist market economy and China's modernization drive, a senior Chinese Communist Party leader said today.

Addressing a national work conference on ideological and media work which ended here today, Ding Guangen, a member of the Political Bureau of the Chinese Communist Party Central Committee, said that the reform must also conform to the law governing the development of cultural and media undertakings.

He stressed that in carrying out the reform, it was imperative to pay close attention to the promotion of cultural and ideological progress; follow the principles of democracy and providing guidance to the people and focus on mobilizing their initiative; rely on all sectors of society and be good at employing modern mass media.

It was also imperative to step up macro-management of cultural and media undertakings; cultivate a socialist cultural market; study and draw on outstanding cultural achievements and managerial expertise in other countries; restructure the management of cultural and media undertakings; and systematize and standardize cultural and media work.

Ding, who is also a member of the Secretariat of the party Central Committee, said: "To implement various tasks put forward by the party Central Committee on the ideological and media front, it is essential to have a competent contingent."

According to Ding, the holding of the conference demonstrates that the party Central Committee persists in

placing equal emphasis on both material progress and cultural and ideological progress.

The conference was also intended to mobilize the whole party to strengthen and improve ideological and media work in order to provide a "powerful ideological guarantee" and a "fine public opinion environment" for the reform, economic expansion and stability in China, the leader told the closing session.

Ding, who is also head of the Propaganda Department of the party Central Committee, expressed the belief that the conference would certainly help to improve the ideological and media work and make sure that all tasks assigned by the party Central Committee will be implemented to the letter.

Delegates to the conference pledged to implement the tasks on the ideological and media front and to improve their work.

To this end, it was necessary to further emancipate the mind, seek truth from facts and take the road of the reform and opening to the outside world, they noted.

Zhu Rongji Attends Propaganda Meeting 28 Jan

OW2901105394 Beijing XINHUA Domestic Service in Chinese 1342 GMT 28 Jan 94

[Text] Beijing, Jan 28 (XINHUA)—Zhu Rongji, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice premier of the State Council, stressed today at the National Conference on Propaganda and Ideological Work in Beijing: To mobilize hundreds of millions of people to support and take an active part in reform is one of the major tasks of the propaganda and ideological front. In the new year, comrades on the propaganda and ideological front subject themselves to and serve the overall needs of "seizing opportunities, deepening reform, opening up wider to the outside world, promoting economic development, and maintaining social stability." They must provide correct guidance for public opinion; take a clear-cut stand in support of reform; have a good understanding of and publicize the party's principles and policies; and make full, correct, and timely reports on economic development as a whole. The principle of doing solid work, telling the truth, bringing the initiative of the masses into full play, and achieving actual gains should be carried out to promote sustained, rapid, and healthy economic development. They should regard it as their duty to maintain social stability and help solve any ideological and perceptual problems which might arise in the course of reform by providing clear and timely explanations.

First, Zhu Rongji fully affirmed the tremendous progress comrades on the propaganda and ideological front have achieved over the years in serving reform, opening up, and the modernization drive while under the guidance of Comrade Deng Xiaoping's theory on building socialism

with Chinese characteristics and the party's basic line. He urged them to continue playing a still greater role in reform and development.

Zhu Rongji briefed the conference on China's economic situation in 1993. He said: The year 1993 saw China implement in an all-round manner the guidelines of the 14th CPC National Congress and march triumphantly along the course of building socialism with Chinese characteristics charted by Comrade Deng Xiaoping. Over the past year, industrial development has increased its pace; economic returns of enterprises have improved; new progress has been made in the development of the rural economy; and production of grains and edible oil has reached new highs. We have increased efforts and greatly accelerated construction of key projects; the consumer goods market has been brisk; and the people's standard of living has risen continuously. In connection with the conspicuous contradictions and problems which have arisen in the first half of 1993 as a result of rapid economic growth, the Central Committee took the resolute step of strengthening and improving macroeconomic regulation and control, thus swiftly halting the tendency of over extension of credit, over supply of currency, and the rapid drop in the exchange rate of the Renminbi. Consequently, order in the banking and circulation sectors has improved markedly. The policy of macroeconomic regulation and control has yielded positive results.

Zhu Rongji said: Now is the most opportune time for deepening reform. First, the theory of building socialism with Chinese characteristics has struck root in the hearts of the people after a decade or so of reform. Following the publication of Comrade Deng Xiaoping's important speeches in 1992 and the triumphant convocation of the 14th CPC National Congress, our party, has broken the ideological bonds of whether our reform is capitalist or socialist by clearly defining the goals of socialist market economic reforms, thereby emancipating our minds and making it possible for us to be free of fear and restraint in formulating a fairly forward-looking and stable reform program to tackle the salient economic problems facing us today by following the general law of market economy, drawing on the successful experience of developed countries, and proceeding from the realities of China. Second, the CPC Central Committee and the State Council have accumulated a wealth of experience in reform in the past decade or so. In implementing reform, we have gone through many difficulties, have experienced success as well setbacks, and have learned some lessons. The current reform program—its principles and framework have been studied for years—embodies the experience of many years of practice. A majority consensus has emerged in theoretical circles after repeated discussion and analysis. Third, after the publication of the important speeches made by Comrade Xiaoping in 1992, the momentum of China's economic development has been very good. Political and business circles abroad are unanimous in their optimism about China's economic development, and foreign capital has

been flowing into China at a rate never before seen. In regard to problems which occurred on the way forward, the Central Committee has taken a range of measures aimed at strengthening and improving macro-economic regulation and control to tackle them. These measures have yielded positive results, and we have gained more experience in how to promptly and appropriately deal with expected problems in the course of implementing reforms. By pooling the wisdom of the entire membership, the party at the Third Plenary Session of its 14th CPC Central Committee worked out a basic framework of socialist market economy, thus laying the ideological foundation for implementing the current reform policies.

Zhu Rongji stressed: The current rare historical opportunities should be firmly seized and highly valued in order to firmly advance the reforms we deliberated and wanted to implement for years but could not because conditions were not correct. If we fail to seize this opportunity to overcome the numerous difficulties in structural reform, then we will not be able to maintain sustained, rapid, and sound economic development and will not be able to accomplish the second-step strategic objective of national socioeconomic development.

Zhu Rongji added: The preparatory work for the reform program for this year is quite adequate. Under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the nucleus, the reform program was worked out by two task forces composed of talents and backbone personnel from various sectors who had conducted long, careful, and painstaking research and who have canvassed the views of all quarters. We have taken into full account the formidable difficulty and complexity which the current reform entails. It goes without saying that no pre-designed reform program is perfect; all we can do is constantly put it into practice, constantly sum up experience, and constantly make readjustments in the course of reform. As Comrade Xiaoping said: "The entire party and the nation must be told that it is a hard task. There are no perfect policies or methods. Facing us will be new situations and problems; we have to create experience on our own." "This requires us to be bold yet careful in every step we take, to sum up experience in a timely fashion, make readjustments as problems arise, and adapt according to the actual conditions." So long as we act according to the spirit of Comrade Xiaoping's speeches, we will certainly be able to make reform a success.

Zhu Rongji pointed out: Currently, the main risk does not lie in reform itself, but in the overexpansion of investment in fixed assets which has gone beyond the capacity of the nation to build on the investment. The agricultural problem remains outstanding. Some comrades are keen on launching new projects; on expanding the scale of construction; and on vying with one another in chalking up faster growth rates, in displaying wealth, and in creating high consumption. However, they are not interested in improving economic returns, in practicing economics, in moving from the red ink into the black,

and in improving management. They are not keen about promoting agriculture, improving the vegetable supply, developing the market, keeping prices under control, or taking care of the well-being of the broad masses. This situation must be changed.

Zhu Rongji said: Reform and development in 1994 entails heavy work. The people are concerned about it, and the world is looking at us. Whether or not we can effectively carry out this key battle of reform is a rigorous test. We must show great determination in decreasing the scale of investment in fixed assets, and must continue stabilizing and developing the rural economy. Comrade Xiaoping said in 1988: "For reform to succeed, it must be carried out under organized leadership and in a measured manner, otherwise everyone will go his own way and there will be chaos. What a terrible thing that would be!" "If the CPC Central Committee and State Council do not have authority, then the situation will be out of control." "Macro-control must be based on what the central committee says will hold." Leading comrades at all levels and all party members must further unify their understanding, march in unison, work vigorously, and help each other to make the country prosperous. Party committees and governments at all levels must pay still more attention to reform, and principal leading cadres must stand in the forefront of carrying out the reform program.

In conclusion, Zhu Rongji said: We are convinced that under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and under the correct leadership of the CPC Central Committee with Comrade Jiang Zemin as the nucleus, we will successfully implement the decision adopted at the Third Plenary Session of the 14th CPC Central Committee and the reform program formulated at the Central Economic Work Conference through the common efforts of the entire party and whole nation, and will achieve still greater advances in economic development this year.

Leading comrades present at the conference were Li Lanqing, Li Tieying, Wei Jianxing, Wen Jiabao, and Ren Jianxin. Ding Guangen presided over the conference.

Li Lanqing Attends Benefit Performance

*OW2801144294 Beijing XINHUA in English 1434
GMT 28 Jan 94*

[Text] Beijing, January 28 (XINHUA)—A large benefit performance was held here today in support of the "Hope Project".

This is a program on the Chinese mainland aimed to help drop-outs in poor areas resume their school studies.

Together with Vice-Premier Li Lanqing, more than 10,000 people watched the performance at the Great Hall of the People, which was relayed live by China Central Television all over the country.

China has about a million children who drop out from school each year because of poverty. Since the "Hope Project" was launched by the China Youth Development Foundation in 1989, it has received more than 200 million yuan in donations from home and abroad and helped 540,000 drop-outs return to school.

In the benefit show, artists presented songs, dances and other forms of art to express people's concerns about drop-outs and China's primary education.

All the performers gave their services free, and each of them also donated money to help at least one drop-out return to school.

Sponsored jointly by the Central Committee of the Chinese Communist Youth League, Ministry of Culture and Ministry of Radio, Film and Television, the benefit performance was expected to further publicize the "Hope Project" and enlarge its funds so as to help more drop-outs resume their schooling, said the organizers.

Qian Qichen Addresses 'Returned Overseas Chinese'

*OW3001141994 Beijing XINHUA in English 1314
GMT 30 Jan 94*

[Text] Beijing, January 30 (XINHUA)—Vice-Premier Qian Qichen, on behalf of the Chinese Communist Party Central Committee and the State Council, today extended Spring Festival greetings to returned Overseas Chinese, relatives of these Chinese and Chinese nationals residing abroad.

Speaking at a reception held by the All-China Federation of Returned Overseas Chinese, Qian said that "at present, with an ever-growing economy, China enjoys political stability and good unity among the people of various nationalities and is making social progress."

China has also made new progress in its friendly relations with other countries, while the Chinese people have enhanced their friendship with the people in the rest of the world, said Qian, who is also a member of the Political Bureau of the party Central Committee.

He praised returned Overseas Chinese and their relatives for plunging themselves into China's reform, opening up and modernization drive, and making great contributions to the country's social development and progress.

He described Chinese nationals residing abroad as the most "active and zealous force" for promoting opening up and economic and trade cooperation and cultural exchanges between China and other countries.

"They have made great contributions to the expansion of friendly ties between China and the countries they reside in and to the prosperity of their motherland," Qian told the gathering of 1,200 people.

He quoted Deng Xiaoping as saying that bringing into full play the role of Overseas Chinese and foreigners of

Chinese origin serves as a "unique opportunity" for China to achieve tremendous development.

The present international and domestic situations have provided a rare favorable opportunity for China to develop, he said, noting "it is possible that the world will usher in a relatively long period of peace."

"The economic vitality of the Asia-Pacific region has continued to rise, providing favorable conditions for China's economic expansion," he said.

"Achieving the sacred cause of China's reunification is a common aspiration of the entire Chinese people, including our compatriots in Taiwan, Hong Kong, and Macao, as well as Overseas Chinese," he said.

The vice-premier said that the Chinese Government and people are committed to and can certainly promote the country's peaceful reunification in line with the principle of "one country, two systems."

He described China as a major force for maintaining peace and stability throughout the world. "We will, as always, pursue an independent policy for peace and persist in expanding friendly and cooperative relations with other countries on the five principles of peaceful coexistence," he said.

"We will also continue to make positive efforts to establish a peaceful, stable, fair and rational new international order," Qian added.

Peng Peiyun Comments on Controlling Population Growth

OW2901010294 Beijing XINHUA Domestic Service in Chinese 1002 GMT 24 Jan 94

[By reporter Yu Changhong (0060 7022 3163)]

[Text] Beijing, 24 Jan (XINHUA)—Peng Peiyun, state councillor and minister in charge of the State Family Planning Commission, recently pointed out: We must strictly control population growth while going all out to develop the economy. We must fully understand that family planning is the indispensable condition for realizing our second and even third phase strategic objectives, and we must ensure a good job in family planning, monitoring and handling it in the general climate of social and economic development so as to create a good population environment for China's socialist modernization drive.

Thanks to extensive, thoroughgoing family planning, China has been able to effectively control its excessive population growth during the peak birth period in recent years. However, due to a large base figure, China is still facing a grim situation in birth control, and it is urgent matter to build a family planning structure in line with China's socialist economic structure. As far as this issue is concerned, Peng Peiyuan discussed several aspects of family planning work at the sixth national demography seminar that ended yesterday:

—To continue to strictly control population growth remains the top priority of China's family planning work. The development of family planning is uneven across the country, and the birth rate in some regions shows no sign of decrease. As outdated beliefs regarding birth still exist among some cadres and masses, and their practical problems remain unsolved, the birth rate can pick up at the slightest relaxation of efforts. In addition, some grass-roots units have concealed and failed to report new births, and new circumstances and problems concerning birth control have also occurred in the course of establishing a socialist market economy. Therefore, we should fully recognize the protracted, arduous nature of family planning work, accurately assess the results in population control, and do everything possible to lower the birth rate.

—China is also facing an arduous task in improving population quality. Of the more than 50 million disabled in the country, more than 10 million were born with deformities; there are now 4.17 million disabled children under 14 with birth defects, accounting for more than half of all disabled children; there are also 180 million illiterates or semi-illiterates in the country; and of every 1,000 newborns, 13 suffer from birth defects. Over 400 million people are living in iodine-deficient areas, which could cause the birth of tens of millions of mentally retarded children by 2000 if the problem was not solved. Therefore, we must understand that good prenatal care, sound rearing of children, and good education are the prerequisites for improving population quality as well as the essential conditions for solidifying a low birth rate; we must coordinate all sectors to energetically and effectively promote family planning.

—Population structure problems must be solved. Due to a decline in the birth rate and a rise in average life expectancy, China is facing an aging population structure which has brought along a series of age related problems. In the structure of sex, the problem of a high ratio between males and females merits our keen attention. Therefore, efforts should be made to promote the establishment of a comprehensive pension and life insurance system as early as possible. Moreover, equality between men and women should also be advocated and policies and measures should be taken to lift women's social status.

—Urbanization must be advanced in a planned way. Since the policy of reform and opening up was instituted, China's population mobility has increased and urbanization has accelerated. This trend will grow continually throughout the nineties. We should encourage and guide the surplus rural labor force to flow in an orderly manner between regions and to gradually transfer to job vacancies in nonfarming sectors, thereby bringing into play the positive impact of population mobility. This is also an important issue that has a close bearing on China's economic development and social stability.

Speaking in her capacity as chairwoman of the China Demography Society, Peng Peiyun also urged demographers to do more practical work and provide information and consultation for departments concerned. The new term of the society's officials also appointed Song Jian, state councillor and minister in charge of the State Science and Technology, and seven other as advisers.

Zhao Ziyang Expresses Wish To Help Reform

HK2901072194 Hong Kong SOUTH CHINA MORNING POST in English 29 Jan 94 p 1

[By Willy Wo-Lap Lam]

[Text] Disgraced Chinese party chief Zhao Ziyang has expressed the wish to make further contributions to reform. According to a source who met him in his Beijing house recently, the former general secretary, 74, pays very close attention to progress in the economy. "Mr Zhao is heartened that most of the reforms he advocated before the June 4, 1989, crackdown have been revived," the source said. "He believes the reforms will succeed."

He quoted Mr Zhao, a former party boss of Guangdong, as saying: "Recent developments in the province are very meaningful." The source added Mr Zhao had in subtle fashion expressed a desire to resume his work, at least on the economy. He clearly believed he had a role to play after patriarch Deng Xiaoping leaves the scene.

According to former Zhao aides who met him recently, the ex-party chief is in very good physical and mental health. He plays golf two to three times a week and sometimes walks his dog in the downtown alley where he lives under police guard. "He is not bitter about his downfall and he has reminded his friends more than once that 'whatever has happened to me (since mid-1989) might not be that bad after all,'" said another source. "His mood has been good since the middle of last year, and sometimes he holds forth on topics like the economy for an hour without stopping," the source said.

Mr Zhao's friends said his daughter and son-in-law lived with the former leader, whose wife, however, had recently been admitted to hospital. They said Mr Zhao had been pleased that his youngest son, a businessman formerly based in the United States, had returned to China on regular business trips.

It is understood the younger Mr Zhao, who travels on an American passport, spent most of his time in Guangdong and Hainan, and that he had visited Taiwan more than once for business reasons. "Soon after my departure from office, there was talk about investigation into the business activities of my children," Mr Zhao Ziyang reportedly said. "It turns out they have been law-abiding businessmen after all."

Report on PRC Leaders' Activities 16-27 Jan

OW2801045994

[Editorial Report] PRC media carried the following reports on PRC leadership activities from 16 to 27 January 1994. The source is noted in parentheses after each report.

Jiang Zemin Inscribes Name for 'Hard-Bone Sixth Company' Pavilion

To mark the 30th anniversary of the Defense Ministry's conferment of the honorific title of "Hard-Bone Sixth Company," a "Hard-Bone Sixth Company Exhibition Hall" was officially opened 22 January. Jiang Zemin, general secretary of the CPC Central Committee, president of the state, and chairman of the Central Military Commission, inscribed the name for the exhibition hall. Yu Yongbo, member of the Military Commission and director of the General Political Department, attending the opening. (XINHUA Domestic Service in Chinese 1126 GMT 22 Jan 94)

Qiao Shi, Qian Qichen, Wu Xueqian Mourn Late Shanghai Educator

Qiao Shi, Qian Qichen, and Wu Xueqian 21 January sent messages of condolence to a funeral for (Pan Wenzeng), former deputy director of the Shanghai Municipal Education Bureau and superintendent of the State Education Commission, who died in Shanghai 7 January 1994. (Shanghai People's Radio Network in Mandarin 2300 GMT 21 Jan 94)

Zou Jiahua Urges Tangshan Enterprises to Update Technology

During an investigation tour of Tangshan City, Hebei 16-20 January, Vice Premier Zou Jiahua stressed the need for enterprises to keep up with the development of new technologies at home and abroad, and to improve their technical standards every year. While visiting the expansion project of the Tangshan Iron and Steel Company, the vice premier had a discussion with its workers and technicians. He said: "Through updating technology within a short period of two years, the Tangshan Iron and Steel Company has improved its efficiency, which usually cannot be attained by a newly built plant in five years. The development of an enterprise must be based on continual technical progress. Technical upgrading should be carried out continually and every year, not at intervals of several years or decades. Special attention must be paid to continually using new technologies and developing new products. From now on, in the entire operational process of enterprises, it is necessary to always give top priority to upgrading technology. Enterprises should keep up with the development of new technologies at home and abroad, and should use a number of new technologies every year. The worth of an enterprises should be decided not merely by its output, but by its efficiency and technical level." (XINHUA Domestic Service in Chinese 2107 GMT 20 Jan 94)

Zhang Wannian Presents Awards to Army Units With Outstanding Training

At a national military training meeting which ended on 21 January, the General Staff Department commended advanced units and individuals outstanding in military training. Zhang Wannian, member of the Central Military Commission and chief of general staff, and other leaders presented awards to the commended units and individuals. (Beijing Central People's Network in Mandarin 1030 GMT 21 Jan 94)

Chen Xitong Visits Mountainous Area

Chen Xitong, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing municipal party committee, recently visited the Yanqing mountainous area and discussed with local cadres and peasants ways for developing the local economy. (Beijing Central Television Program One Network in Mandarin 1100 GMT 22 Jan 94)

Wang Hanbin Takes Part in Bridge Tournament

Wang Hanbin, advisor for the Chinese Bridge Association, joined some 100 bridge players in a new year's invitational tournament held in Beijing 22 January. After the tournament, Wang presented awards to winners. (XINHUA Domestic Service in Chinese 1500 GMT 22 Jan 94)

Wei Jianxing Visits Miners

Wei Jianxing, president of the All-China Federation of Trade Unions, visited two model miners houses and an air-blower plant in western Beijing on 27 January. Wei inquired about the miners' living, working, and health conditions; and asked them to convey his regards to other miners. At the plant, he heard about and approved of its measures to stop deficits, and urged the enterprise director to attach importance to basic management, earnestly change mechanisms, and work together with workers in extricating the enterprise from difficulties. (XINHUA Domestic Service in Chinese 0953 GMT 27 Jan 94)

Wu Xueqian, Wang Zhaoguo Attend CPPCC Reception

The Foreign Affairs Committee of the Chinese People's Political Consultative Conference (CPPCC) National Committee gave a reception for some 400 foreign envoys in Beijing 27 January. Vice Chairmen Ye Xuanping, Wu Xueqian, Wang Zhaoguo, and Sun Fuling of the CPPCC National Committee attended the reception. In his toast, Wu Xueqian said: "The CPPCC has always taken the promotion of world peace and development as its duty, and is willing to develop friendly relations with the people of various countries. Chairman Li Ruihuan's visit to three south Asian countries toward the end of last year was an important step forward in the CPPCC's diplomatic activities. In the coming new year, the CPPCC will increase the areas of contacts and make more friends by continuing to develop friendship and cooperation with

various countries on the basis of adherence to the Five Principles of Peaceful Coexistence." (XINHUA Domestic Service in Chinese 1206 GMT 27 Jan 94)

Official Comments on Rights To Make Accusations, Complaints

HK3101142194 Beijing RENMIN RIBAO in Chinese
23 Jan 94 p 3

["Dispatch" by reporter Chen Weiwei (7115 4850 0251): "Person in Charge of Complaints Office of Central Discipline Inspection Commission Says Rights of Party Members and the Masses To Make Accusations and Complaints Should Be Defended"]

[Text] The "Regulations for CPC Discipline Inspection Organs Handling Accusations and Complaints," which was published in this newspaper of 3 September 1993, evoked positive repercussions in society. In an interview with this reporter some days ago, the person in charge of the Complaints Office of the Central Discipline Inspection Commission responded to a number of relevant questions raised by the masses.

When this reporter asked the official how discipline inspection offices process accusations and complaints against party members, he said: According to the "Regulations," discipline inspection offices have a duty to handle accusations and complaints against party members or party organizations which violate the party constitution, intra-party regulations, and the party's lines, principles, policies, and decisions, and against those party members who abuse their powers for personal gain or corrupt the party's work style. Specifically, everyone is allowed to send to discipline inspection organs reports against those party members or party organizations that distort or refuse to implement the party's lines, principles, and policies in violation of political discipline; those who refuse to follow the party's decisions or to accept the job assigned by the party in violation of organizational discipline; those who do not abide by the state financial laws and regulations in violation of financial and economic discipline; those who do not act in accordance with relevant policies in foreign-related dealings in violation of the discipline relating to foreign affairs; those who perpetrate economic crimes, including practicing graft; and those who are overly bureaucratic, neglect their duties, abuse their power for personal gain, bend the law for the benefit of their relatives and friends, harbor evildoers and cover up evil deeds, employ trickery, and are morally degenerate. According to the "Regulations," the discipline inspection offices also tackle appeals lodged by party members or party organizations against party disciplinary punishment or other punishment meted out to them by discipline inspection offices. "Party disciplinary punishment" refers to five disciplinary measures against individual party members and to punishment of convicted party organizations by reorganizing or disbanding them. In addition, the discipline inspection offices as

supervisory organs within the party also address problems concerning party discipline and the party's work style including opinions, suggestions, enquiries, and reports against the people concerned.

Regarding the rights and duties of the persons involved, the official said: The six rights and three duties stipulated in the "Regulations" give, through the process of making accusations and complaints, concrete expression to the citizens' rights and duties stipulated in the constitution and to the party members' rights and duties stipulated in the party constitution and in the "norms [zhun ze 0402 0463]." No organizations or individuals are allowed to prevent the persons involved to exercise these rights; neither are any persons involved allowed to refuse to perform their duties. As required by the "Regulations," we must protect the accuser and earnestly investigate and handle retaliation cases; on the other hand, we must safeguard the accused's rights and interests and expose and deal with frame-up cases.

When asked about measures taken by the discipline inspection offices to protect informants, the official said: Discipline inspection offices at all level take the following measures according to the party constitution, the "norms," and the "Regulations": One, keep the informant and his report secret. The person to whom the case is assigned is required not to leak the informant's name and his report to any irrelevant people, and if he does, he will be investigated to determine his liabilities. Two, no unauthorized attempts are allowed to find out the anonymous letter writer. Support and encouragement should be given to those informants who reveal matters as they stand. Even if what they expose does not agree with facts, no organizations and individuals are allowed to take disciplinary action against them so long as they do not intentionally invent a story to frame up others. No unauthorized efforts are allowed to identify the handwriting of the anonymous letter. If the accusation does not tally with the facts, we should find out whether the accuser has made a mistake or has tried to frame up others on purpose. In the former case, we should clarify the facts among a limited number of people to eliminate the harm done to the accused and exhort the accuser to make no more similar mistakes in future; in the latter case, we must make investigations, which should be conducted by the units handling the accusation with the assistance of relevant party organizations, to determine the accuser's liabilities.

CPC Holds Forum on 'Education of Party Members'

OW3101101894 Beijing XINHUA Domestic Service in Chinese 1239 GMT 21 Jan 94

[By RENMIN RIBAO reporter Xu Rujun (1776 1172 0193), and XINHUA reporter Liu Siyang (0491 1835 2254)]

[Text] Beijing, 21 Jan (XINHUA)—The national conference on the education of party members—which opened

in Beijing today—stated that, while developing the socialist market economy, earnest efforts must be made to intensify and improve the education of party members so that, with higher qualities in various fields, they will fight to achieve the new historical missions.

The conference is sponsored by the Organization Department and the Propaganda Department of the CPC Central Committee.

It has been reported that the education of party members has constantly been intensified since the Third Plenary Session of the 11th CPC Central Committee. In recent years, in light of the central committee's plan and requirements, the vast number of party members have been systematically educated on the "three basics"—the basic theories of Marxism-Leninism-Mao Zedong Thought, the party's basic line, and basic party knowledge—as well as on the current situation and policies, party conduct and party discipline, the theory of building socialism with Chinese characteristics, and guidelines laid down by the 14th National Party Congress. As a result of the educational courses, party members, with higher political awareness, have given full scope to their roles as vanguards and role models, and party organizations have continued to demonstrate their roles as fighting fortresses. The educational courses for party members have powerfully quickened and promoted the development of reform, opening up, and socialist modernization.

To keep pace with the new situation, the current conference on the education of party members stated that the general requirement for party members' education under the new conditions is to firmly adhere to the guidance provided by Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; focus on economic construction; improve the quality of party members in all fields; amplify the militancy of party organizations; and mobilize all party members to work hard to build a socialist market economic system, achieve the second-step strategic objectives, and carry out all strategic missions put forth by the 14th National Party Congress.

Liu Yunshan [0491 0061 1472], deputy head of the Central Propaganda Department, said at the conference that education for party members today and in the future should give priority to three things: First, it should complete the assignment to arm the whole party with Deng Xiaoping's theory of building socialism with Chinese characteristics. Party committees at all levels must earnestly implement the central committee's decision of studying Volume 3 of the *Selected Works of Deng Xiaoping*, and continue to organize the vast number of party members to study Volume 3 of the *Selected Works of Deng Xiaoping* until results have been achieved. While making sure that grass-roots party members will properly study the book, special attention should be paid to study among party member-cadres, especially party member-leading cadres. Second, it should persist in educating party members on party spirit. Party members must be

educated to merge communist ideals with the ideals shared by people throughout the country at the present stage, and to rally and guide the vast number of people to work hard together to expedite reform and construction; to merge the objective of serving the people wholeheartedly with the work of developing the socialist market economy; to cultivate lofty moral sentiments by fostering communist ethics as well as social and professional ethics; and to preserve and carry forward the party's fine traditions through strictly abiding by the party's disciplinary rules while embarking on exploring new fields, bringing forth new ideas, opening up to outside world, and enlivening the economy. Leading cadres must set personal examples in order to make education on party spirit a success. Third, it should educate party members on basic knowledge of the socialist market economy, modern science, and modern general knowledge. This educational project is an urgent assignment which must be properly accomplished.

In conclusion, Liu Yunshan said: There are now extremely good opportunities for educating party members. It is to be hoped that all party committees and departments in charge of party members' education will earnestly strengthen their leadership over party members' education, have a firm grip of the project, place it high on their agendas, and accomplish it firmly and meticulously so that a new situation in party members' education can be created with a new approach.

Zhao Zongnai, deputy head of the Central Organization Department, chaired today's meeting. Present at the meeting were Lu Feng, Zhang Quanjin, Fu Jie and other comrades in charge of relevant central departments; and persons in charge of organization and propaganda departments and discipline inspection commissions of party committees of provinces, autonomous regions, municipalities directly under the central government's jurisdiction, and some cities.

Article Views Social Problems With Migrant Workers

HK2801132294 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0930 GMT 23 Jan 94

["Special article" by reporter Shao Ling (6730 7227):
"Migrant Worker Rush in Chinese Mainland Exposes
Many Social Problems"]

[Text] Hong Kong, 23 Jan (ZHONGGUO TONGXUN SHE)—The Chinese New Year is drawing near. In various mainland provinces, rural laborers have begun to move back to their home villages like an ebbing tide in order to hold family reunions. In this period, such means of transportation as trains and buses are getting extremely crowded, and this has become a special scene at the turn of the year. It is expected that before and after the Spring Festival, over 10 million migrant workers will travel.

Why is there such a special phenomenon? Individual income in the countryside is low, and young peasants

always try to seek jobs and earn a bit more money as long as there are opportunities to enter the city. After the beginning of reform and opening up in the Chinese mainland, the southeast coastal provinces and areas got rich first, and the people's living standards became much higher. This stimulated the people in the interior provinces and regions. As the popular saying goes, "water flows downward and people hope to move upward." This is an inevitable phenomenon. In the final analysis, the movement of rural laborers arose because there was a labor surplus in the rural areas. At present, the rural working population in the Chinese mainland is about 450 million people, accounting for 74 percent of the country's total labor resources. However, there is only some 1.4 billion mu of farmland, which requires only 200 million laborers. Fortunately, the township and town enterprises arising in recent years have absorbed 110 million working people, thus substantially reducing the surplus labor force in the countryside. However, the surplus labor force in the countryside still stands at about 130 million. Peasants now spend three months on farming, one month on celebrating the new year holidays, and eight months on doing nothing. Such a description is quite true. Because there is too little land to support too many people, the peasants' income remains very low. Going out to seek jobs has become the main means of living for young peasants.

The emergence of the migrant laborer tides should be regarded as an inevitable phenomenon, but this also exposes the people's difficulties in seeking jobs and many problems in the field of labor management. Reportedly, a crowd of peasants recently gathered around Beijing's Chongwen Men, and there appeared a "labor market" where employers might select workers. However, many laborers from the countryside failed to find a job after waiting there for over two weeks or even one month. First, they were not well-informed, as they came from the countryside; second, they were not skilled workers and could not compete with other people in seeking jobs. As a result, they wasted time and money traveling back and forth, and also suffered psychological pain. Similar phenomena also exist in the "labor markets" of Shanghai and Guangzhou. So far, the authorities have not included migrant laborers in the scope of labor registration and distribution. This should not be regarded as an accidental oversight.

Migrant rural laborers also cause serious problems to transportation. Because of the large scale of population movement and the limited number of destinations, tremendous pressure is caused for the transport industry, which has long been the bottleneck of the economy. The movement of rural laborers also causes difficulties to urban management, public order and security, and public health.

In fact, migrant laborers are from the countryside, but they work all year round in cities and only return home for a number of days around the Chinese New Year. Some of them even bring their whole families to the city

and do not return to the countryside for many consecutive years. Gradually, the migrant laborers have formed a unique community, and these people also have their special social status. Some sociologists point out that migrant laborers are not rural people in real terms, nor urban people in real terms. They are living in a "marginal" condition. They are living in cities, but they are not accepted by cities and do not achieve the social status of urban residents. When the economy cools down, they are the first to be forced to leave the cities and return to the countryside. However, they are no longer accustomed to rural work. According to statistics in some cities, over half of criminal cases in cities are related to migrant laborers from the countryside. Maybe this is because they are not accepted and admitted by cities, and their livelihood has no guarantee. Some cities tell all institutions not to hire new laborers from other provinces, and reject migrant laborers. The correctness of such a practice is open to question.

It seems that in order to reduce the negative effects of the movement of over 10 million rural laborers, the authorities must formulate corresponding control and guidance measures. For example, the urban household registration system should be reformed; institutions for providing consulting and guiding services to migrant laborers from the countryside should be set up; and people living in difficult conditions should be helped to return home; and opportunities should be given to educated and skilled laborers from the countryside. All these points are worth considering.

Beijing Completes Research on Current Crime

HK3101120394 Beijing XINHUA Hong Kong Service in Chinese 0753 GMT 28 Jan 94

[By reporter Peng Shujie (1756 2885 2638), and trainee Ni Siyi (0242 0934 5030): "China Completes Research on Current Crime"]

[Text] Beijing 28 Jan (XINHUA)—A key national project in science and technological research that lasted five years, research on the issue of present-day crime, was completed not long ago by China's public security system.

The research report is some 5 million characters long, and systematically analyses, studies and discusses the conditions of crimes, their causes, and development trends, as well as measures for prevention and control of crime in present-day China.

A committee for appraising and deliberating comprised of a dozen or so experts and scholars from political and law science circles and representatives from 20 provinces and municipalities started appraising the result of the key scientific research project of in the national seventh five-year plan for philosophy and social sciences.

A Ministry of Public Security spokesman said that the public security system had used over 1,000 researchers

for this scientific research project, and gained voluminous first-hand materials in the investigation and study of some 10,000 cases and 300-some police substations for three consecutive years.

He said that all this was of important value to reinforcing the fight against criminal phenomena and pushing forward China's scientific and theoretical study in criminology.

The spokesman said that Chinese public security organizations had already established a microcomputerized system for collection, processing, storage of and inquiries about information regarding criminal data and initiated a number of specialized as well as academic organizations for criminological study.

At the appraisal meeting, Bai Jingfu, vice minister of public security stated that through investigation and study, the Chinese leadership tier gained some new understanding of laws governing criminal activities, made forecasts about the tendencies of crimes in China prior to the year 2000, and set out its ideas.

Peasant Blows Himself Up To Protest Tax Burden

HK2801034094 Beijing BEIJING QINGNIAN PAO in Chinese 19 Jan 94 p 8

[Report excerpted from ZHONGGUO SHANGBAO report by Xiu Kang (4423 1660): "Peasant from Yantai Murders Someone With Explosives To Resist Tax Payment"]

[Text] Liu Shu [0491 2885], a peasant from Yantai's Jianggezhuang Town, refused to pay tax every year since 1980; by 1992, the amount of tax in arrears had accumulated to 470 yuan.

Shortly after tax-collecting work began in 1993, Liu Shu publicly announced that he would refuse to pay, while instigating other villagers to do the same, thus directly affecting the unfolding of tax collection in the village. To insure the smooth operation of tax-collecting work, town Vice Governor Zhang Xiao [1728 2400] came to the Guanghe Village's village committee office, accompanied by comrades from the county public security bureau and town police substation. Then they sent for Liu Shu. Together with the village committee Director Xu Shiyong [1776 0013 0645], they did ideological work face-to-face with Liu Shu, hoping that he would promptly pay the arrears. Liu Shu rejected the criticism, while growing very angry; he flung abuse at the vice town governor as well as the cadre and policemen from the public security bureau and police substation. Quickly, Zhang Xiao and the public security bureau cadre and policemen made a decision: Zhang Shu must immediately go home to get the money to pay the tax, otherwise, he would be solemnly dealt with according to the relevant law. The ferocious Liu Shu became mad and pretended that he would go home and fetch the money. When he arrived home, he got some explosives (7 kg), which he had

concealed in his house, wrapped them around his body with a fuse, and covered them with his overcoat. At around 1020, Liu Shu returned to the village office, and suddenly sprang up at the town Vice Governor Zhang Xiao, holding him tight, then he pulled the fuse....

The explosives erupted, and Liu Shu had his body blown to pieces, with his crime and hatred for the times, and Vice Governor Zhang Xiao unfortunately died at his post. In addition, three other public security cadre and policemen along with a villager were badly wounded. The 20-square-meter village committee office was flattened, shreds of the TV set, bills, renminbi banknotes, clothes and caps of the deceased, and blood and bones from the corpses...were thrown more than 100 meters, a really tragic sight.

Beijing Marks Anniversary of 10th Panchen's Death

OW2801171894 Beijing XINHUA in English 1601
GMT 28 Jan 94

[Text] Beijing, January 28 (XINHUA)—A forum was held today in the Tibetan Hall of the Great Hall of the People in Beijing to mark the fifth anniversary of the death of the Tenth Panchen, an honored Chinese patriot and famous Tibetan religious leader.

Wang Zhaoguo, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and head of the United Front Work Department of the Chinese Communist Party (CPC) Central Committee, said at the forum that the late Tenth Panchen made great contributions to the peaceful liberation and democratic reforms of the Tibetan Autonomous Region as well as to its social and economic development.

Wang called for continuing the late Tenth Panchen's work by promoting the reunification of the country, unity of all nationalities and social stability.

He also stressed better implementation of the party's principles of religious freedom and encouragement of religious people to obey the country's laws.

Ngapoi Ngawang Jigme, vice-chairman of the National Committee of the CPPCC, praised the late Tenth Panchen for his perfect combination of patriotism and religious belief, of upholding the unification of the country and safeguarding the interests of his own nationality.

Meanwhile, hundreds of Buddhists prayed in the Guangji Temple of Beijing, showing their reverence for the late Tenth Panchen.

Beijing Sees First Issues of Magazines Published

History Magazine Published

HK3101120494 Beijing GUANGMING RIBAO in
Chinese 17 Jan 94

[Unattributed report: "First Issue of DANGDAI ZHONGGUO SHI YANJIU Is Published"]

[Text] The January, 1994 issue of the magazine DANGDAI ZHONGGUO SHI YANJIU [CONTEMPORARY CHINESE HISTORY STUDIES] jointly run by the Institute of Contemporary China Studies and the Society for Studying PRC History, which was also the first issue of this magazine, was published. The magazine is a 94-page bimonthly (it will be temporarily a quarterly in 1994), and its size is sixteen mo [as transliterated]. There are about 150,000 characters in each issue of the magazine. DANGDAI ZHONGGUO SHI YANJIU is a professional and academic journal, serving the purpose of safeguarding PRC interests and honor. It mainly carries academic essays showing insight in the field of PRC history studies and research materials of academic value. At the same time, it also carries commentaries on domestic and overseas academic work and essays, assessments of data, and comprehensive information in this field. So it is a readable academic journal, which also provides useful information.

JINGPIN Magazine Published

HK3101120594 Beijing GUANGMING RIBAO in
Chinese 17 Jan 94 p 2

[Unattributed report: "JINGPIN Magazine Published"]

[Text] The first issue of magazine JINGPIN [FINE ARTICLES] being printed elegantly in high quality was recently published in Beijing. The magazine is run by the China Strategy and Management Study Society. The first issue carries articles written by Yu Guangyuan, Wu Jinglian, and Xia Yan.

Weekly on Sports Market

HK3101134494 Beijing GUANGMING RIBAO in
Chinese 16 Jan 94 p 7

[Unattributed report: "TIYU DA SHICHANG Weekly Published"]

[Text] The People's Sports Publishing House made two valuable gifts to its readers on its 40th founding anniversary—the TIYU DA SHICHANG [THE LARGE SPORTS MARKET] and a bookshop "Five Rings Book City."

The newly published TIYU DA SHICHANG weekly integrates sports, consumption, market, and economy into one entity, regards "acting as a bosom friend of readers and enterprises" as its tenet, takes "practicality, readability, and modernization" as its styles, and sets

"the prosperity of the sports market and the development of sports" as its goals.

While celebrating its 40th founding anniversary, the People's Sports Publishing House also donated nearly 300 new books to the Training Bureau of the State Physical Culture and Sports Commission.

Daily Carries QIUSHI Table of Contents

HK3101151194 Beijing RENMIN RIBAO in Chinese
29 Jan 94 p 5

["Table of Contents for QIUSHI No 3, 1 February 1994"]

[Text] Article by Ren Jianxin: "Strengthen Procuratorial and Judicial Work and Ensure Stability in Reform and Opening up"

Article by Fu Quanyou: "In Accord With the Overall Situation of Economic Construction, Deepen the Logistic Reform of the Army—Understanding Gained From Study of Volume 3 of the *Selected Works of Deng Xiaoping*"

Article by staff reporters Zong Han and Gu Yan: "Seek Precise Breakthrough Points for Economic Development—Interview with Wuliji, Chairman of the Inner Mongolia Autonomous Regional People's Government"

Article by Zhang Yanning: "On the Establishment of a Modern Enterprise System"

Article by Li Mingsan: "Give Full Play to the Party's Role as the Core of Leadership"

Article by Xun Chunrong: "Build up a Socialist Culture With Chinese Characteristics"

Article by Yan Shaozhu: "Nobility: The Aesthetic Pursuit of the Socialist Literature and Art"

Article by the Joint Investigation Group of the Propaganda Department of the Hebei CPC Provincial Committee and the Hebei Provincial Academy of Social Sciences: "A Good Way To Converge Enterprise Management With the Market—Investigation of Handan Iron and Steel Plant"

Article by Xiangtan CPC City Committee: "Optimize the Agrotechnical Service Mechanism, Assist Peasants To Enter the Market—Investigation of Quantangzi Township Agrotechnical Station of Xiangtan County"

Article by Wu Huiying: "An Ode to a Great Man of Our Times—Reading Notes on Poem 'Ode to Mao Zedong' by Han Xiao"

Article by Mo Qi: "Pluck the String of the Spirit of Our Era—Impressions of Film 'Phoenix Qin'"

Science & Technology

'Roundup' Notes Priority Given To Infrastructure

OW3001145194 Beijing XINHUA in English 1303
GMT 30 Jan 94

["Roundup": "China To Invest Heavily in Major Communications, Construction Projects"]

[Text] Beijing, January 30 (XINHUA)—Although China has repeatedly stressed that this year's scale of public investment in fixed assets should be brought under strict control, priority will still be given to the capital construction of transport and telecommunications systems.

Statistics from related departments show that this year the state will continue to inject a large amount of funds in key transport and telecommunications construction projects.

The planned infrastructure construction budget for the Ministries of Railways, Communications, Posts and Telecommunications and Civil Aviation Administration of China (CAAC) have all risen by a large margin, compared with the sum applied in 1993.

While last year the Ministry of Railways made use of an infrastructure investment of 22.5 billion yuan, this year the state has ratified a huge sum of 41.7 billion yuan; and while the Ministry of Posts and Telecommunications applied an investment of 40 billion yuan in fixed assets last year, this year the planned budget has risen abruptly to 53.6 billion yuan.

Transport and Telecommunications have long been "bottlenecks" restricting China's economic development. With the constant and high-speed development of the country's economy in the past few years and the implementation of a market economy system, the problem has become increasingly serious.

To remove the "bottlenecks", Chinese leaders have put infrastructure construction in these fields under special protection and drafted a series of preferential policies for project approval, supply of funds, personnel allocation and some other aspects. Among the state's 210 key capital construction or technological remodeling projects for the period between 1993 and 2000, which must introduce technologies and equipment from overseas, 52 are distributed throughout the Ministries of Railways, Communications, Posts and Telecommunications and CAAC, nearly one fourth of the total.

Last year construction on a large number of key projects in these fields was started, including more than a dozen long-distance optical telecommunications cables, 10 railway construction projects, and expansion or building of a large number of airports, high-grade highways and deep-water berths. The majority of these construction projects have entered the phase requiring the most extensive funding.

Sources from the Ministry of Railways said that this year tracks will be laid on 2,100 km of new lines and more than 1,300 km of multiple-track lines, and over 190 km of railway lines will be electrified. Some 19.6 billion yuan will be put into seven key construction projects. One of them, the Beijing-Kowloon Railway, will be 80-90 percent complete by year's end.

Last year the Ministry of Posts and Telecommunications laid eight long-distance optical cables, and this year construction on four cables will be continued, and two will be remolded and nine newly constructed. This year's plan also includes nine million new telephone subscribers, an increase of 300,000 long-distance lines, 900,000 long-distance lines in program-controlled exchanges, and 12 million urban exchange lines. In addition, mobile telecommunications will also develop significantly.

By the end of 1993 China had opened 1.07 million km of highways, of which 1,145 km are expressways. This year the Ministry of Communications plans to construct 18,000 km of highways, including 960 km of high-grade routes especially for automobiles.

To meet the speedily increasing demand for passenger and cargo transport, CAAC will continue to expand or construct airports and other related facilities, while adopting measures to reinforce air safety.

Last year CAAC received 71 new passenger planes of all kinds, and at the same time signed contracts on buying or leasing 104 planes, some to be delivered this year.

To raise enough money for these projects, the communications departments have all announced that more foreign funds will be used.

Materials show that since the mid-1980s, 23 Chinese provinces, cities and autonomous regions have used some 1.7 billion U.S. dollars in loans from international monetary organizations or foreign governments to construct 7,000 km of highways. The Ministry of Railways has used 3.68 billion U.S. dollars in foreign funds, and it is predicted that this year over one billion U.S. dollars will be introduced. CAAC and the Ministry of Posts and Telecommunications will also inject foreign funds into construction projects.

Activities To Popularize Computer Education Viewed

HK2901083094 Beijing ZHONGGUO XINWEN SHE in Chinese 0741 GMT 18 Jan 94

[Text] Beijing, 18 January (ZHONGGUO XINWEN SHE)—Since Deng Xiaoping said that "the popularization of computers must begin with the children" 10 years ago, more than 3 million primary and middle school students have received computer training, which is gradually becoming part of primary and middle school education in China.

To mark the 10th publication anniversary of Deng Xiaoping's strategic instruction that "the popularization of computers must begin with the children" and to promote the popular application of computers among the vast number of youngsters, the Children Work Committee under the Soong Ching Ling Foundation, the Central Educational Science Research Institute, and the Popularization Department of the China Science and Technology Association jointly sponsored the 1994 national activities to popularize Chinese-character picture coding.

The current activities seek to further promote the popular application of computers in primary and middle schools across the nation, to guide the vast number of primary and middle school students in studying and mastering the computer skills and techniques, to bring the important role of computers in promoting education and teaching into full play, and to lay a foundation for China to train qualified personnel who can cross into the next century.

The current activities focused on Chinese-character picture coding, a new type of Chinese-character input system based on the standard Chinese characters. Using images, the coding is simple and easy to master and use. Both a computer input system and a Chinese-character indexing system, it will play a great role in accelerating the students' pace of learning Chinese characters and will standardize the writing of Chinese characters.

The current activities will last from January to October 1994. In March and April, the Central Television Station will broadcast "A Television Lecture on Popularizing the Application of the Chinese-Character Picture Input System" in its first program and its "Watching Together With Daddy and Mommy" program. The contest is divided into two stages: The Chinese-character picture coding computer input contest and the Chinese-character picture coding computer writing contest. Youngsters throughout the country, from first grade primary school pupils to junior and senior middle school students (including students of technical secondary schools, vocational senior schools, and polytechnic schools) can enter their names for participation.

Economic & Agricultural

Deng Guangen Calls For Quickening Economic Growth

HK2901045194 Hong Kong LIEN HO PAO in Chinese 29 Jan 94 p 2

[By staff reporter Lo Feng (5012 2800): "Ding Guangen Relayed Deng Xiaoping's Instructions to Political Bureau at the End of Last Year—Speed Up Economic Development"]

[Text] Hong Kong 29 Jan (LIEN HO PAO)—A CPC high-ranking figure disclosed that Deng Xiaoping indirectly aired his views at the end of last year on the

"relationship between being fast or slow" in economic growth, while demanding that the economic growth rate not be slowed. He believed that the annual GNP growth rate should not be under 12 percent. However, the State Council has stipulated the GNP growth rate for this year to be 9 percent.

Deng Xiaoping had not summoned Jiang Zemin, Li Peng, or Zhu Rongji since July last year. His remarks were made to Ding Guangen, his bridge partner, who relayed the message to the central Political Bureau.

Ding Guangen said that recently, Comrade Xiaoping had aired his views on economic growth rate being fast or slow; he believed that should the economic growth be too fast, it would inevitably bring side effects, such as inflation and an imbalance between supply and demand.

Deng Xiaoping indicated that economic growth should be viewed in a dialectical way; people should not always be scared of inflation surfacing and an imbalance between supply and demand whenever a fast growth rate is advocated.

Deng Xiaoping stressed: "Only with a fast growth rate will it be possible for our economy to possess a solid foundation, ensure the employment rate, and reduce social contradictions."

It has been learned that earlier last year, Deng Xiaoping said that we must have an annual 12 percent economic growth rate; otherwise, China will never reach the level of a moderately developed country.

The source said that Deng Xiaoping's remarks had an "obvious target" because some members of the central authorities vigorously advocated slowing the economic growth rate. At the economic work conference last year, the GNP was stipulated to be 9 percent. Vice Premier Zhu Rongji's target was 9 to 10 percent and he believed that this index would ensure economic growth while maintaining social stability.

In recent years, Deng Xiaoping has vigorously advocated speeding up the growth rate. The precise reason why he made the southern inspection tour in the spring of 1992 was that he was unhappy about the dullness and seeming stagnation of the three-year improvement and consolidation. What he mainly required was that the economy "mounted a new plane every several years."

The essence of Deng Xiaoping's current talks did not go beyond those he delivered during his southern inspection tour in 1992. Although Deng Xiaoping was repeating his own words, they had a particularly clear target at this specific moment. The leading members in office were very sensitive about it but they have not publicly propagated Deng's remarks as of today lest they should rekindle the just dampened local government craze for investment, which would then become even more difficult to control.

It has also been learned that at a recent high-ranking conference in Beijing, Vice Premier Zhu Rongji declared

that the tasks for macroeconomic regulation and control had not been completed; currently, it is still necessary to reduce the momentum of inflation, the trend to widen the capital construction scope, and the volume of bank loans and money issued. The main task for 1994 is a soft landing and it is primarily necessary to do a good job of reform.

Local governments were all drawing up their plans for dealing with the central reform measures, especially for banking and tax reform. It is said that Guangdong and Jiangsu already have their well thought out plans, whereas other localities are sending personnel to Guangdong to learn from its experiences by taking advantage of extending greetings for the Spring Festival.

The source said that Deng Xiaoping does not have any current plan to conduct a "second inspection tour" down south to Guangdong; nevertheless, it is thought that he will make an appearance and say something during the Spring Festival to set the principle and guidelines for the National People's Congress and the Chinese People's Political Consultative Conference upcoming in March.

Zou Jiahua Views Bo Hai Region Economic Development

OW3101123094 Beijing XINHUA Domestic Service in Chinese 0909 GMT 20 Jan 94

[By reporters Li Anding (2621 1344 1353) and Bao Yonghui (0545 3057 6540)]

[Text] Shijiazhuang, 20 Jan (XINHUA)—The State Planning Commission held "Discussion Meeting on Economic Planning for the Bo Hai Region" in Hebei's Tangshan City from 17 to 19 January.

At the meeting, State Council Vice Premier Zou Jiahua pointed out: To develop the regional economy, we should formulate an overall and comprehensive plan along the thought of linking up the local economy while opening up a channel to the outside world by capitalizing on geographical, resources, market, and industrial edges of different but economically related provinces and cities in the region. We should exploit the vitality that could be generated through different localities supplementing each other's advantages. Regional economy has become a new pattern in our country's economic development.

Leading comrades from provinces and cities including Hebei, Liaoning, Shandong, Shanxi, Beijing, and Tianjin, as well as from the ministries of railways, communications, power industry, coal industry, metallurgical industry, chemical industry, and agriculture, attended the discussion meeting.

It was the fourth regional economic planning meeting following those held in 1992 and 1993 for southwest China and part of south China, Chang Jiang Delta and Chang Jiang regions, and northwest China.

In his speech, Vice Premier Zou Jiahua summed up the principle of our country's regional economic planning as overall planning; mutual cooperation; supplementing each other's advantages; equality and mutual benefit; gearing toward markets; domestic and international cooperation; rational division of work; and joint development.

Zou Jiahua pointed out: The pan-Bo Hai region has superior location advantages. It is the center of the northeast Asian economic sphere and the most convenient access to the sea for our country's north, northeast, and part of northwest regions. The region leads the country in comprehensive scientific and technological advantages, with the number of institutes of higher learning and scientific and technological personnel in the region constituting about one-third of the nation's total. The region holds advantages in its energy and heavy and chemical industries, with coal, oil, and steel production making up 40 percent of the nation's total production. The region is also our country's aviation and communications center, and has the most concentrated network of railways, roads, large ports, and expressways. The Bo Hai region is situated in our country's political center, and is also our country's economic center. Quickening the region's economic development plays a decisive and strategic role in the overall national economic development.

Zou Jiahua said: These advantages are not of a specific locality but of the entire region. Therefore, when developing the region's economy, we should not go separate ways and duplicate development efforts. On the contrary, localities should supplement each other's advantages and support one another in their cooperation to create a new productive force. When formulating the regional economic development plan, it is necessary to break down restrictions of administrative divisions. Localities should make joint and long-term plans for development projects of common concern and benefits within the region. We should impose a certain binding force for this type of plan, and require various localities to carry out their duties in cooperation with one another. Meanwhile, we should integrate the plan with national plans and incorporate it into the country's long-term development program.

Zou Jiahua also stressed the following key points for the Bo Hai regional development plan:

- Overall consideration should be given to the region's transportation and communications networks, particularly the construction of principal transportation and communications facilities. This is a most urgent matter, and yet unable to be undertaken individually by various localities. We should focus our tasks on building coal, foreign trade, and passenger transportation facilities. It is necessary to develop a comprehensive sea, land, and air transportation network based principally on energy and foreign trade transportation

services in the region, as well as a communications network system centered in Beijing and linked to the entire nation.

- Energy resources as well as raw and semifinished material industries within the region should be developed jointly. Based on the overall need of national economic development and regional division of work, it is necessary to continue to strengthen the development of Shanxi's energy resource base. We should actively develop Kengkou power plant and increase the capability of transporting power from west to east.
- The socialist market economic framework should be established. We should replace the divided and closed economic patterns with a regional, comprehensive, and open large market. Resources should mainly be disposed through the market. We must establish product markets and bring into play the region's advantages to establish the scientific and technological market, information market, and financial market. The regional market should be geared toward the country and the international markets of the northeast Asian economic sphere and pan-Pacific regions.
- The problem of water shortage that restricts the region's economic development should be tackled effectively. It is expected that the Bo Hai region will be short of 15 billion cubic meters of water supply by the end of this century. It is necessary to make early preparations and quicken the project of piping water from south to north, so that advance progress may be made in establishing the region's water supply network. Meanwhile, we should strengthen water resources management and promote water conservation.
- The tasks of aiding the rural poor and turning losses of industrial enterprises into profits should be effectively undertaken to drive the region's economy onto the path of sustained, rapid, and healthy development.

Li Guixian Calls For Strengthened Auditing Work
OW2901005194 Beijing XINHUA Domestic Service in Chinese 1046 GMT 21 Jan 94

[By RENMIN RIBAO reporter Li Jianxing (2621 1696 5281) and XINHUA reporter Fu Gang (0265 0474)]

[Text] Beijing, 21 Jan (XINHUA)—At today's national meeting on auditing work, State Councillor Li Guixian said: The Constitution stipulates that under the State Council's leadership, auditing organizations independently carry out supervising power according to law without interference from any other administrative organization, social group, or individual. The faster the drive of reform and opening up to the outside world is conducted, the more effective auditing supervision should be.

Li Guixian continued: Auditing supervision is of great importance in the socialist modernization drive.

Whether or not the central authorities' macroeconomic regulation and control measures are conscientiously implemented depends on the supervision of supervision departments, and particularly auditing departments, at all levels, although auditing departments themselves do not formulate such measures. Auditing departments should supervise economic administrations, local governments, and state-owned enterprises and institutions in their implementation of state policies by auditing their financial management and affairs. Auditing departments should also reflect in a timely manner problems existing during the course of implementation to facilitate the implementation of the macroeconomic regulation and control measures adopted by the central authorities.

Li Guixian said: The focus of auditing work this year should be shifted to providing services to macroeconomic regulation and control. Therefore, in carrying out auditing supervision, attention should be paid to the following three aspects: First, auditing supervision over the state's financial revenue and expenditure should be strengthened. At present, our country's financial situation is relatively difficult but there is great potential to increase revenue and cut down expenditures. Auditing departments should deal with such problems as seeking departmental and regional interests regardless of financial and economic laws and disciplines. They should help financial, taxation, and other departments do a good job in managing and utilizing the state's funds. Second, auditing supervision over the departments in charge of state-owned assets should be strengthened. Some state-owned enterprises have serious problems including poor economic performance, incorrect statement of losses and benefits, and losses of state-owned assets. By auditing state-owned enterprises and departments in charge of state-owned assets, auditing departments should help them strengthen management, enhance economic returns, and ensure the maintaining and increasing of the value of state-owned assets. Third, auditing supervision over governmental departments in their financial revenue and expenditures should be strengthened. It is necessary to treat this task as an important matter in the anticorruption campaign and in building a clean government. Particular efforts should be made to strengthen financial audits of governmental organizations and law enforcement, judicial, and economic administrations. If squandering, wasting, and seeking private gains through power as well as arbitrary requisition of donations, exaction of fees from enterprises, and other unhealthy trends of trade and profession are found, serious measures should be taken.

Three Gorges Project Adopts Supervision System

OW2901083994 Beijing XINHUA in English 0812
GMT 29 Jan 94

[Text] Yichang, January 29 (XINHUA)—China has for the first time introduced the engineering supervision system, a common international practice, in the construction of the "Three Gorges Project", according to the Three Gorges Project Construction Committee.

So far, nine bid winners have been authorized to supervise the whole preparatory construction of the Three Gorges Project, taking the lead in China's supervision practice in the major water conservancy project construction.

According to the supervision contract, the supervisors will take up the overall administration of the quality and progress of the preparatory construction and control its cost.

They will be empowered to endorse payment checks, start and terminate project programs or have constructors do the work over again if it is not done properly.

The construction of many preparatory projects, including the building of the Xiling Chang Jiang River Bridge, are proceeding smoothly under the supervision.

The supervision system will help guarantee the quality of the project with proper speed and controlled cost, said a member of the Three Gorges Project Construction Committee.

Commission Details 'Chang Jiang Strategy' Plan

HK2801132194 Hong Kong CHING CHI TAO PAO in
Chinese No 5, 24 Jan 94 p 27

[From "China Economic News" column: "The Main Points of the 'Chang Jiang Strategy' Plan"]

[Text] It is learned that the State Planning Commission has recently worked out the main points of a new "Chang Jiang strategy" plan. The methods of specific implementation and main points are as follows:

- Establish an economic ring along the Chang Jiang which takes Pudong of Shanghai as the dragon head and covers eight areas and 28 large and medium-sized cities between Chongqing and the Chang Jiang Estuary.
- Speed up the construction of infrastructure and key projects in the region, including over 100 backbone projects with an investment amount of over 200 billion yuan each, such as the Shanghai Jinshan 1-million-metric ton oil refinery project, the Pudong international airport, the Shanghai sedan project with an annual production capacity of 300,000 cars, the Shanghai acetic acid standard project, the second-phase Qinshan Power Plant project, the Panzhihua nonferrous metal project, the Beijing-Shanghai express railway project, the Hubei sedan project with an annual production capacity of 300,000 cars, and the Three Gorges project.
- Quicken the pace of using foreign funds in areas along the Chang Jiang and diversify the fields in which foreign capital is used. Except for the pornography and gambling industries, which should be banned, and state-level telecommunications facilities, which are

not open to the outside world, other fields may in principle utilize foreign capital, which is estimated at around \$10 billion.

—Open the domestic market to foreign businessmen. Use foreign capital according to international practice, i.e. the BOT [Board of Trade] method, with foreign businessmen being responsible for investment, construction, and operation for a period of 15 years and the Chinese side purchasing the products manufactured by foreign-invested enterprises.

—Remove the "restricted areas." Given that state interests are not infringed upon, foreign businessmen should be allowed to invest in those trades they deem appropriate.

It is disclosed that, to implement the plan, the state will, between now and the year 2000, build a number of key projects in areas along the Chang Jiang and the scope of investment is 1,000 billion yuan.

State Council Bans New Fixed Asset Projects

OW2901161594 Beijing XINHUA in English 1534 GMT 29 Jan 94

[Text] Beijing, January 29 (XINHUA)—No new fixed asset investment projects will be approved this year, China's State Council declared today.

It issued a circular to keep a tight rein on the country's fixed asset investments in 1994.

While affirming the achievements made in economic construction last year, the circular warns against the tendency in investment over-expansion caused by extended building scales and sluggish restructuring.

It points out that construction should focus on top-priority projects, while approval of new projects should be brought under strict control. In principle, no new projects will be approved this year, it adds.

The People's Bank of China should keep a close watch on the overall loans for fixed asset investment and where they go, while no banks are allowed to offer loans for any new project that is not approved by the State Council and the State Planning Commission, it says.

It also bans any extending of issues of bonds and securities and expansion of experimental scope of stock companies without authorization.

While focusing on badly needed housing, a tight rein must also be kept on development of real estate and building of development zones, it says.

It says that close attention should be paid to strengthen the guidance and standardized management of direct foreign-funded projects in order to encourage foreign investment in the domestic infrastructure facilities and basic industry.

The circular concludes that the leadership of the macro-control over fixed asset investment should also be enhanced to ensure a sustained, fast and healthy economic development in 1994.

Consumption Tax Will Not Affect Farm Machinery

HK3101034794 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 30 Jan-5 Feb 94 p 8

[By Wu Yunhe: "Preferential Treatment for Farmers"]

[Text] The government's newly promulgated consumption tax will not apply to the farm machinery industry, according to the State Taxation Administration.

This decision reflects the government's preferential treatment for farmers, who need a stable rural market with few price fluctuations in agricultural-related products.

"Chinese farmers cannot afford a further swelling of price surges on the agricultural production materials this year," said an official with the administration.

Last year, the country's 14.5 percent inflation rate seriously hurt the improvement of farmers' real income, which chalked up a rise of only 2 percent.

As a result, the taxation administration hopes it can contribute to the government's macro control over the rural market as well as to the development of the rural economy, which is crucial to social stability, the official added.

Some domestic speculators are now taking advantage of the farmers, he said. Since the farmers do not have the latest information about the consumption tax, speculators have been profiteering by raising prices of farm machinery and blaming the need for the increase on the new tax.

Fearing further price increases, some farmers have been staging a buying spree since the last month of 1993, snapping up tractors, harvesters and other big farm machinery.

Official figures show that in 1993, the gross value of agricultural machinery owned by the country's rural residents hit nearly 125.4 billion yuan (\$14.6 billion), up 3.9 percent from the previous year.

However, the amount of farmland that was ploughed by machine remained essentially the same over the two-year period. In 1993, 51.4 million hectares were ploughed by machine, down 0.01 percent from 1992.

Analysts say some farmers now believe they can protect their renminbi from further devaluation by purchasing agricultural machines, although some of their machines are already lying idle in their backyards.

In fact, farmers have become reluctant to use farm machines to help round out their field work, due to the

rocketing prices of diesel oil and the lack of a machine-repairing network in the countryside.

Last year, some 110 million hectares of farmland were sown with grain. Of that, only 26 million hectares were sown by machine.

Bank of China 'Smoothly' Buys Back FECs

HK3101010294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 30 Jan-5 Feb 94 p 1

[By Ren Kan: "No Snags In Buying Back FECs"]

[Text] The Bank of China has been smoothly buying back Foreign Exchange Certificates (FECs) after the government announced at the end of last year that it would gradually withdraw the currency from circulation.

Although the national figure is not available, the Bank of China's Beijing branch had recalled more than 127 million yuan in FECs as of January 27.

The central bank announced on December 29 that the dual-rate exchange system would be unified on January 1 and that it will stop issuing FECs.

Although the Central Bank said existing FECs can still be used temporarily, some people misunderstood and thought FECs would be devalued or even become worthless.

So they rushed to banks to exchange FECs for U.S. dollars, creating long queues in the two days following the central bank's decision.

The Beijing branch's daily withdrawal peaked at 15 million yuan in FECs, said an official with the branch.

The rush eased later when the central bank reiterated that FECs can be exchanged at the previous official rate of 5.8 yuan per dollar.

In order to withdraw the FECs as quickly as possible, the bank has simplified the exchange procedures.

Foreigners, overseas Chinese, and people from Hong Kong, Macao and Taiwan can exchange FECs for dollars by showing their passports and identification certificates.

In the past, they were allowed to return only 50 percent of the amount specified on the exchange memos they were given when converting foreign currency into FECs.

China introduced FECs in 1980 as a convertible version of the renminbi. The Bank of China issued nearly 2 billion yuan (\$230 million) worth of FECs.

Although FECs are supposedly equal in value to the renminbi yuan, they actually are worth about 30 percent more in the market.

The price of FECs has also fluctuated dramatically in the black market.

In the first three days after the central bank's announcement, the price of 1 yuan FEC equaled only 1.05 renminbi yuan. But now speculators must pay 130 or even 140 yuan (\$15 or \$16) for 100 FECs.

Despite the rising price, black market dealers are still enthusiastic about buying FECs since they can make money from the margin between the previous official rate and the current rate.

They can use ruses to exchange FECs for dollars at the previous official rate of 5.8 yuan. Then they can sell the dollars at the current rate of 8.7 yuan.

For example, if a speculator uses 14,000 renminbi yuan to buy 10,000 yuan of FECs, he can get more than \$1,724.

Selling the dollars at the rate of 8.7 yuan, he can get 14,998 yuan. This leaves him with a profit of nearly 1,000 yuan.

Official Views Reform of State-Owned Enterprises

HK2801141294 Beijing ZHONGGUO XINWEN SHE in Chinese 0854 GMT 19 Jan 94

[By reporters Yu Donghui (0151 2639 2547) and Xiao Rui (5618 3843): "An Official From the State Commission for Restructuring the Economic System Talks About the Structural Reform of State-Owned Enterprises"]

[Text] Beijing, 19 Jan (ZHONGGUO XINWEN SHE)—How many workers of state-owned enterprises in China are unemployed? How to implement the system in which state-owned enterprises go bankrupt? How to make arrangements for the placement of unemployed workers following enterprise bankruptcy? How to control the current situation of heavy losses of state-owned assets?

At the news conference held by the State Council Press Office today, domestic and foreign reporters repeatedly asked officials of the State Commission for Restructuring the Economic System of China questions on the structural reform of state-owned enterprises, which is the key to China's economic reform this year.

As introduced by Hong Hu, vice minister of the State Commission for Restructuring the Economic System, the objective and orientation of state-owned enterprise reform in China is to set up a modern enterprise system. This year, the State Council will select 100 large and medium state-owned enterprises in China as experimental units to implement the new system and gradually transform the mechanism of state-owned enterprises in various forms according to different categories. At present the name list has not been fixed and is being discussed by the State Commission for Restructuring the Economic System and the State Economic and Trade Commission.

Small state-owned enterprises will be transformed in such forms as leasing, contracting, selling, and leasing as

well as renting out. Enterprises which are always in the red, which are unable to pay their debts, and which can never be reinvigorated will declare bankruptcy according to law.

According to statistics, from the end of 1988 to the first half of 1993, law courts at all levels in China accepted and heard 948 cases of all kinds of enterprise bankruptcy, of which 480 have been wound up.

Hong Hu pointed out: To set up a modern enterprise system, touching on the reorganization of property rights is inevitable. The act of declaring enterprise bankruptcy according to law is an effective way to readjust the industrial structure and achieve the reorganization of property rights, but it is not the only way. He said: Since we cannot issue planned targets of bankruptcy to organs at lower levels, we cannot estimate how many enterprises will go bankrupt in the reform of state-owned enterprises.

Speaking on the placement of unemployed workers from state-owned enterprises in China, Hong Hu said: At present, the proportion of redundant personnel in the total number of employees in China's state-owned enterprises is from 15 to 20 percent, and this proportion is subject to constant change due to changes in the situation of operation and production in these enterprises. Last year, the State Council worked out the method of making arrangements for the placement of redundant personnel in state-owned enterprises, and now the work has been started.

As stipulated in the method of unemployment insurance of state-owned enterprise staff and workers, which was formulated by the State Council last year, enterprises must withdraw 0.6 to 1 percent of total wages earned by their staff and workers to set up unemployment insurance funds; and staff and workers employed by enterprises which go bankrupt, which are on the verge of bankruptcy, or which have stopped production for reorganization are covered by the unemployment insurance scheme so that the living of unemployed workers can be basically guaranteed.

The current situation of heavy loss of state-owned assets in China has also aroused much concern. Hong Hu said: The "Regulations on the Supervision of China's State-Owned Enterprise Assets" will be introduced soon, and we are now tackling such technical problems as how to make the regulations converge with the Company Law.

Hong Hu said: The introduction of the regulations has an important bearing on stopping the loss of state-owned assets during the current process of setting up a modern enterprise system, transferring property rights, and reorganizing enterprises.

Agricultural Bank To Separate Policy, Lending
HK3101034994 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 30 Jan-5 Feb 94 p 2

[By Wu Yunhe: "Lending Roles Divided"]

[Text] The Agricultural Bank of China will split into two banks before the summer harvest this year to separate the functions of policy implementation and commercial lending, a top bank official said.

The two banks will be the Agricultural Development Bank and the Agricultural Bank of China, said Ma Yongwei, president of the Agricultural Bank of China.

Ma said the move is in line with the government's decision to forbid State policy banks from providing commercial loans.

The Agricultural Development Bank will implement the government's policy of supplying subsidized loans to farmers, starting this summer.

Although the 15 years of economic reform have raised farmers' living standard impressively, granting them long-term, low-interest loans will continue to be a fundamental function of the government bank officials said.

Many agricultural projects involving crop production irrigation and technological development will continue to receive government-subsidized soft loans.

These kinds of projects usually need huge outlays but have slow returns and such loans are often considered highly risky by commercial banks.

Bank analysts say the creation of the Agricultural Development Bank is part of the government's efforts to maintain its strong backing of agriculture while encouraging banks to do their business according to more commercial practices.

They add that many villages remain undeveloped, even aside from problems such as slow growth of farmers' income, high inflation in general and skyrocketing prices of farming materials in particular, and the huge number of surplus rural labourers. But officials with the Ministry of Agriculture note that agriculture in China has its own character and in many ways is unlike agriculture in other countries.

After the summer harvest this year, the Agricultural Bank of China can still find its clients in the countryside for its commercial loans, they added.

The burgeoning rural industries, which grew by about 40 percent last year, have already become the backbone of the rural economy.

Meanwhile, rural households' limited access to the markets requires the government to extend huge loans to its grass-roots commercial units each year to buy farmers' products.

Since rural industries and grassroots commercial units can soon see profits from their investment, they should no longer receive government-subsidized soft loans.

Starting this year, the Agricultural Bank of China will have to balance assets and liabilities and manage business risks.

Both the Agricultural Development Bank and the Agricultural Bank of China will be under the leadership of the People's Bank of China, the country's central bank.

Both will have to be guided by the Central Bank's credit quotas to help the government ensure its control over total bank lending, according to bank officials.

In response to the government's call for strong backing of agriculture, the Agricultural Bank of China raised its outstanding loans to 968 billion yuan (\$111.26 billion) by the end of last year, up 176 billion yuan (\$20.5 billion) from the previous year.

Civilian Airlines To Import New Aircraft in 1994

HK3101010094 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 30 Jan-5 Feb 94 p 1

[By Wang Yong: "40 New Aircraft for 1994"]

[Text] China's aircraft imports will remain buoyant this year on the wings of sustained economic growth, a top corporate manager says.

"We'll receive more than 40 planes for civil use this year from the United States and Europe," Ye Yigan, President of the China Aviation Supplies Corp (CASC), said in an interview with BUSINESS WEEKLY.

Most of the planes are made by the Boeing Co of the United States and Airbus Industrie, the France-based European consortium, Ye said.

The world's civil aviation generally grows twice as fast as the global economy.

"But China's civil aviation has grown by a larger margin," Ye explained.

"That means we will buy at least several dozen aircraft per year."

China has lowered its 1994 target for economic growth to between 8 percent and 9 percent from last year's 13 percent.

However, the demand for civil aircraft remains brisk, especially with the mushrooming of local airlines.

Ye has said that China's imports of aircraft have averaged nearly \$2 billion annually over the past several years.

China Aviation Supplies Corp, the country's leading trader in aircraft and ground equipment, has imported more than \$10 billion worth of aircraft since 1980.

The company is the designated main importer of civil aircraft, engines and other equipment, although a number of airlines can buy certain products from overseas by themselves.

For example, Air China, China Eastern Airlines and China Southern Airlines can import some spare parts through their own trading arms.

Economists said China should retain unified management of aircraft imports, although the industry is being decentralized some.

Ye said the construction of local spur lines was in full swing, generating a great demand for short- and medium-range aircraft.

Many international aircraft makers are vying for sales and local manufacture of their planes.

Ye said China would give priority to buying locally-made planes if prices are reasonable.

He added that China is choosing appropriate partners for local production of aircraft, but he declined to give details.

Ye said competition among foreign companies for a share of China's local airline manufacture is tough.

China is one of the world's fastest growing markets for civil aviation, while many developed countries and regions remain bogged down by stagnant economies.

Imports of ground equipment will also continue growing, Ye said.

Last year China Aviation Supplies Corp signed \$3.2 billion worth of contracts for imports of aircraft and related facilities. About \$2.5 billion of the goods have been delivered.

Ye said the recent normalization of Sino-French relations will help improve China's business with Airbus Industrie.

"We will further develop and improve relations with the company in the future," he said.

Ye pointed out that if Airbus Industrie completes scheduled deliveries this year, it will have provided China with 17 planes altogether.

Yun-8 Cargo Plane Gets Qualification Certificate

OW3001021594 Beijing XINHUA Domestic Service in Chinese 0706 GMT 26 Jan 94

[By reporter Zou Qingli (6760 3237 7787)]

[Text] Beijing, 26 Jan (XINHUA)—The Civil Aviation General Administration of China [CAGAC] today issued a certificate of quality to the Yun-8 civil cargo plane developed and manufactured by the Shaanxi Aircraft Manufacturing Factory under the Aviation Industries of China. This indicates that for the first time, an aircraft model developed and manufactured by China has qualified for civil aviation.

Obtaining a certificate of quality according to the rules of airworthiness is indispensable for any aircraft model to gain permission for civil aviation. China has been batch producing the Yun-8 since 1980 and added them to its military equipment. In 1989, the former Ministry

of Aeronautics and Astronautics Industry and relevant departments decided to provide Yun-8 planes to airline companies as cargo planes and demanded that the original model be improved and rebuilt so that it would meet various civil plane requirements. By the end of 1989, the Shaanxi Aircraft Manufacturing Factory officially applied to the CAGAC for a certificate of quality for the improved model of Yun-8 plane.

Over the past four years, the CAGAC airworthiness department has conducted serious examinations of the Yun-8 civil cargo plane and its Chinese-built engine and propeller, according to the relevant Chinese civil aviation regulations. China's aviation industries have invested considerable capital in the organization of the Shaanxi Aircraft Manufacturing Factory and relevant enterprises and have conducted a lot of analyses, experiments, and test flights to check the aircraft's airworthiness. The Yun-8 civil cargo plane's certificate of quality has opened up a bright future for itself in the civil air cargo service market. This medium-range cargo plane, built into a medium-sized model, has a maximum loading capacity of 16 metric tons of consolidated cargo or 20 metric tons of bulk freight. The plane has excellent taking-off and landing functions, which allow it to take off or land on airstrips, grasslands, gravel, or sandy roads. Two Jiefang brand trucks can directly drive into the plane's spacious cargo bay from its back door.

Ministries To Reform System of Household Registration

OW3101091894 Beijing XINHUA in English 0857
GMT 31 Jan 94

[Text] Beijing, January 31 (XINHUA)—The Ministries of Public Security, Construction and Agriculture as well as the State Commission for Restructuring the Economy have started surveys as a preliminary step to reforming the system of household registration in small towns and cities.

The reform is aimed at gradually abolishing the distinction between the agricultural and non-agricultural populations, which is now rigidly drawn under the current system of household registration.

In order to control the expansion of big cities, China divided its population into agricultural and non-agricultural in the 1950s. Under this system, those people registered as members of the agricultural population could not get grain and non-staple food rations and could not be given housing and jobs in urban areas.

But since the country started to adopt the policy of reform and opening to the outside world many rural people have become workers in industrial or service enterprises in nearby towns. By the end of 1993 there were 116 million farmer-turned workers. Because of the old system of household registration, however, these people were still regarded as members of the agricultural population, in spite of the fact that they no longer engaged in agricultural production.

Statistics show that China's gross non-agricultural product accounted for 75 percent of the gross national product in 1992. But 80 percent of the country's population was still registered as agricultural. Currently, the country's 20.79 million rural industrial enterprises are scattered among over 19 million villages. As a result, these enterprises find it difficult to engage in large-scale and high-tech production. Besides, the situation is not ideal as far as utilization of the land and transportation is concerned. Moreover, it is difficult to bring pollution under control in these circumstances.

Experts point out that it is now necessary to reform the system of household registration to encourage farmers to enter small towns to engage in various kinds of business, thus promoting the development of small towns throughout the country.

Baotou Emerges as 'Multi-Industry' Center

OW3001151294 Beijing XINHUA in English 1302
GMT 30 Jan 94

[Text] Hohhot, January 30 (XINHUA)—Baotou, once known as the "grassland steel town", is emerging as a multi-industry manufacturing center in China's Inner Mongolia Autonomous Region, after a decade-long reshuffling of its industrial structure.

In 1993, the city's industrial production increased 20.92 percent over 1992 to reach a record 11.89 billion yuan, making it the second Chinese city in the ethnic minority area that boasts an annual industrial production of over ten billion yuan, city officials in charge of industry said.

Equally encouraging, said the officials, was that industrial enterprises of the city are running with better economic efficiency. By the end of last November, they produced a total 2.145 billion yuan in profits and taxes, almost 136 percent higher than in the same period of 1992. The comprehensive economic index of the city also climbed by 42.9 percent in the same period.

However, a subtle but more significant change was that the domination of the economy by centrally owned enterprises has lessened, and local industrial ventures, as well as the private and rural industrial sectors, are playing a more and more important role, the officials pointed out.

In 1993, industrial enterprises owned by the city produced a turnover of 5.565 billion yuan, exceeding for the first time the turnover of enterprises owned by the central and the regional governments.

Though heavy investment by the central government in iron and steel and other heavy industries boosted the former marketing place of furs in the grassland region into a major industrial town in the 1950s, it inevitably caused an inborn weakness of local industry and the service sector, the officials said.

From 1990 to 1993, the city had pumped 310 million yuan into the local industry sector. In pursuing a policy

of allowing more bankruptcy and takeover of enterprises, it has also turned 806 small and medium-sized enterprises to collective or private operation through renting and auctions.

It also encouraged the forming of 847 shareholding companies and 30 enterprise groups, which are believed to have a better economic performance.

Thanks to the policy weight on rural and urban community industry by the government, the two sectors have become a major force in coal, metallurgy, construction materials, farm products processing, construction and transport, employing more than 100,000 people.

In 1993, rural and urban community enterprises had a turnover of 3.2 billion yuan, up by 139 percent over 1992. Eleven towns administered by the city reported an agricultural and industrial production value of more than 100 million yuan a piece last year.

Meanwhile, the officials said, the city's foreign-funded enterprises have increased to 157, involving an investment of 120 million U.S. dollars by overseas businesses.

Household business and private enterprise have also been developing rapidly in the city. The former sector netted a turnover of 430 million yuan in 1993, and the latter 160 million yuan.

Large and medium-sized enterprises owned by the central government, including defense industry plants, did not lose their edge in the market-oriented economy. With their advantages in equipment and technology, many of them have been successful at developing new products and expanding their market share, the officials said. The city produced three million tons of steel last year.

Statistics Show Prosperity in Rural Towns

HK2901075594 Beijing CHINA DAILY in English 29 Jan 94 p 3

[By Ma Zhiping: "Industries Bring Big Rewards to Rural Towns"]

[Text] About 10 per cent of China's rural towns have become relatively well-off thanks to the development of rural industries, say the latest statistics.

Reports from the State Statistics Bureau (SSB) say 4,989 of China's 50,000 towns achieved an agricultural and industrial output value of more than 100 million yuan (about \$11.5 million) each in 1992.

Four hundred and thirty scored 500 million yuan (some \$57.5 million).

And 72 of them managed more than 1 billion yuan (some \$115 million).

Most of these well-off towns are in the coastal areas of the Southeast, where rapid economic growth has been achieved over the past decade.

According to the list worked out by the statistics bureau, 944 rich towns are in East China's Jiangsu Province, 892 in Shandong also in East China, more than 500 in Zhejiang and another 425 in South China's Guangdong.

Experts said the survey showed up the disparity between the economic growth in different areas of China.

However, they stressed it was encouraging that 100-million-yuan towns have sprung up in relatively poor areas, especially in Western parts of China, such as Guizhou Province and Guangxi Zhuang Autonomous Region, which has two towns in the top-500.

This improvement was a result of the State's efforts in recent years to narrow the gap between China's east and west.

The State handed out 5,000 million yuan (\$575 million) in loans last year to support the development of rural enterprises in inland areas, while local governments produced a number of preferential policies, said China Business Times.

As a result, the total annual output value of township enterprises in 20 inland provinces and regions was 400 billion yuan (about \$46 billion) last year, about 60 per cent more than 1992.

China's top 10 towns are: Caigongzhuang in Tianjin; Qianzhou, Shengze, Luoshe and Zhouzhuang in Jiangsu; Beivao and Guizhou in Guangdong; Ninghai in Shandong; Xinzhaize in Liaoning; and Maqiao in Shanghai.

Experts say the growth of these wealthy towns is an indication of improvement in China's rural economy since the country began its reforms in 1979.

Statistics show more than 20 per cent of the rural population live in "100-million-yuan towns."

They also showed these towns produced half the country's agricultural output value and two thirds of its output value from rural industries.

Booming rural industries have been the biggest contributors to the development of the wealthy towns, the statistics show.

Non-agricultural production accounted for 88 per cent of the towns' total output value, about 24 percent higher than the country's average.

Meanwhile, a small number of them are close to becoming industrial centres, with 96 per cent of their wealth coming from non-agricultural production.

The output value of township enterprises in these prosperous communities made up 52 per cent of the country's total.

State Council Issues Circular on Labor Force

OW3101122794 Beijing XINHUA Domestic Service in Chinese 2145 GMT 18 Jan 94

[Text] Beijing, 19 Jan (XINHUA)—In a circular it issued recently, the State Council General Office urges all local authorities to guide the flow of workers from rural areas during the Spring Festival.

The circular says: In recent years, owing to the flow of surplus labor in rural areas into nonagricultural sectors, the number of rural workers moving from region to region has grown constantly. While the sizable flow has promoted economic development in various regions and improved the people's livelihood, it has also given rise to problems which have upset production, living order, and social stability. The problems are particularly noticeable during the Spring Festival. According to departments concerned, the total flow of rural workers from region to region will soar dramatically this year. This being the case, all localities and departments concerned must work together to intensify preparations, tighten management, and take timely steps to guide the flow.

The circular urges all regions and departments concerned to provide the needed services and guide the flow by tightening macroscopic management and developing the labor market so that labor resources in rural areas can be developed, used, and rationally deployed; and so that, on the premise of ensuring agricultural development, surplus labor in rural areas can be guided to relocate rationally and flow in an orderly manner, and economic order in society can be maintained.

The circular says: All regions and departments concerned must attach importance to guiding the flow of rural workers during the Spring Festival. Leading comrades should be assigned to take charge of specific projects, and responsibilities should be fixed at various levels. Moreover, measures to guide the flow should be drawn up on the basis of past experience. Certain organizational, managerial, and publicity projects must be accomplished beforehand. Labor departments in all localities must have more efficient control over employment as well as the flowing labor force. They must always keep abreast of the situation and promptly notify government leaders and relevant departments. They must work with railway and communications departments in organizing round trips home for contract workers over the Spring Festival. In accordance with the volume of the flow and the destinations of rural workers, railways and communications departments must draw up transportation plans ahead of time and accomplish all the necessary preparations, including transportation arrangements. All regions and departments concerned must actively support the work of railways and communications departments. To assist departments concerned in guiding the flow of rural workers, public security departments must maintain security and order at railway stations and ports where rural workers gather, and firmly crack down on train and highway robberies and all other lawless conduct.

The circular stresses: During the Spring Festival, all regions and departments concerned must, as required by the Third Plenary Session of the 14th CPC Central Committee, intensify their work in studying and drawing up policies and measures to develop the labor force and labor market in rural areas while studying ways and means to promote agricultural development. Through intensive agricultural development, more township and town enterprises and tertiary industries should be established, the construction of small towns should be expedited, and surplus labor in rural areas should be encouraged to relocate locally. Meanwhile, we should continue to sum up and popularize the experiences of various regions in helping each others with labor services. In accordance with the needs of the labor market, we should, through the organized import and export of labor, guide surplus labor in rural areas to move rationally and in an orderly manner.

First Nongovernment Charity Organization Set Up

OW3101092694 Beijing XINHUA in English 0901 GMT 31 Jan 94

[Text] Shenyang, January 30 (XINHUA)—A nongovernmental charity organization to help poverty-stricken people—the first of its kind in modern China—was set up recently in northeast China's Liaoning Province.

On the opening day, the organization received some 1.25 million yuan in donations from local private firms.

Yang Qingtian, head of the organization, said that this charity was sponsored by individuals and social groups who are keen to promote public welfare.

He noted that they will collect funds through various channels, set up some service organizations and help those who live in poverty and helplessness.

Xiao Zuofu, vice-governor of the province, said that charities are noble endeavours which mark the civilization of society, and the establishment of such an organization will undoubtedly promote the development of the social security system.

In China, almost all social welfare organizations have been sponsored by governments over the past decades.

Government Cracks Down on 'Fake Cigarettes'

OW2901125194 Beijing XINHUA in English 1234 GMT 29 Jan 94

[Text] Beijing, January 29 (XINHUA)—The China Administration of Tobacco Monopoly (CATM) burned 30,000 cartons of fake cigarettes in public here today, as part of its nationwide crusade against production and marketing of contraband cigarettes.

Jiang Ming, head of CATM, said that cigarettes were a special kind of product, harmful to people's health.

China has always practised strict control over the production and marketing of cigarettes, he said.

China has imposed a state monopoly and a high-tax policy on the tobacco industry to restrict its production scale.

However, according to the senior official, the illegal production and marketing of counterfeit cigarettes had become rampant in some localities in recent years, which prompted CATM to organize a joint crackdown on fake and smuggled cigarettes, with relevant departments of public security, customs and taxation.

Marked results had been achieved in the crackdown, said the administrator. Official statistics show that since 1993, CATM has tracked down 514,000 boxes (a box contains 50 cartons of cigarettes) of smuggled cigarettes, seized 64,000 boxes of counterfeit cigarettes and burnt in public 51,000 boxes of them.

The CATM has also smashed 50 production centers of fake cigarettes and banned over 100 wholesale markets which sold fake and smuggled cigarettes.

The administrator said that China practised the system of state monopoly on the tobacco industry as early as in the 1980s. A large number of locally run tobacco enterprises have been closed down since then, particularly in 1993. The year saw a sharp reduction of the nation's tobacco enterprises from 300 to 100.

The CATM renewed permits for nearly 1,000 enterprises which are considered qualified for the production and marketing of cigarettes.

The official stressed that the system of tobacco monopoly is of great significance in checking illegal tobacco activities and it will further safeguard the interests of the nation and of the vast number of smokers.

East Region

Eastern Provinces Cooperate To Boost Economy

OW2801020094 Beijing XINHUA in English 0147
GMT 28 Jan 94

[Text] Fuzhou, January 28 (XINHUA)—East China's Fujian, Zhejiang, Jiangxi and Anhui Provinces are co-operating in jointly developing the local economy.

According to statistics, nine prefectures and cities in these provinces concluded contracts between them on 189 economic and technical co-operative projects last year.

They introduced funds totalling 136 million yuan, exchanged 245 skilled people, generated an additional output value totalling 13.38 million yuan and concluded a trans-regional trade volume amounting to 530 million yuan in 1993.

This co-operation began in 1986 under the principle of "mutual help and benefit". The areas have so far reached contracts on 1,325 economic and technical co-operation projects, generated an additional output value of more than four billion yuan and exchanged or recruited about 10,000 talented people.

At present, the annual industrial and agricultural output value of the region is 73.3 billion yuan, five times that of eight years ago.

In addition, the region has opened 140 markets and improved transportation facilities.

Anhui Secretary, Governor Address Reform Forum

OW3101010294 Hefei ANHUI RIBAO in Chinese 18
Jan 94 p 1

[By staff reporter Ding Chuanguang (0002 0278 0342): "Three Reforms Commence in Our Province—Provincial Party Committee and Government Hold Meeting To Plan Organizational Reform and Promote Implementation of Civil Service, Payroll System Reform]

[Text] The provincial party committee and government held a work conference on organizational reform and reform of the civil service and payroll systems in Hefei 14-17 January. The conference mapped out specific plans for implementing the three reforms in our province in accordance with the CPC Central Committee and the State Council's demands.

Provincial party and government leaders Lu Rongjing, Fu Xishou, Yang Yongliang, and Liu Guangcai attended the conference, which was chaired by Yang Duoliang.

Provincial party Secretary Lu Rongjing spoke at the conference. He urged principal party and government leaders at all levels to assume personal responsibility for actively organizing and spearheading reform of the three

systems. We should unify thinking, improve understanding, and truly convert the central authorities' decision and arrangements into the common understanding of party committees and governments at all levels, as well as the conscientious actions of the masses. Lu Rongjing emphatically said: We should devise overall plans and make sound arrangements for economic work while planning for the three reforms. At no time should we slacken economic work. We should solve problems and find solutions during the course of reform in a reform spirit. We should strictly implement policies and enforce rigorous organizational discipline to ensure smooth progress in the three reforms in our province; promote changes in organizational functions; smooth work relationships; promote social stability; inspire the enthusiasm of the vast numbers of functionaries, effectively advance all areas of work; and maintain sustained, rapid, and healthy economic development in our province.

Fu Xishou, deputy secretary of the provincial party committee and governor, delivered a work report. He noted: Carrying out the three supplementary reforms is of great significance because it is urgently needed to deepen reform of the economic system, an important aspect of reform of the political system, and the inevitable choice for establishing a socialist market economic system. Therefore, the entire province should actively but steadily carry out organizational reform and promote reform of the civil service and payroll systems in a planned and step-by-step fashion in accordance with the unified plans of the party Central Committee, the State Council, the provincial party committee, and the provincial government.

At the conference's closing, provincial party Deputy Secretary Yang Yongliang arranged for implementing the conference's guidelines. Vice Governor Yang Duoliang gave a summing-up report.

Over 300 people attended, including members of the provincial leading group for organizational reform; leading party and government responsible comrades from various prefectural, city, and provincial and central-level units in Anhui; and directors of personnel bureaus and divisions, organizational offices, and payroll sections.

Overseas Assistance Helps Anhui's Economy

OW2901083894 Beijing XINHUA in English 0752
GMT 29 Jan 94

[Text] Hefei, January 29 (XINHUA)—East China's landlocked Anhui Province has benefited greatly from introducing foreign help to develop the local economy.

Anhui has employed more than 420 foreign experts whose assistance has generated 120 million yuan in extra economic returns over the past eight years.

The grain-basket province has also imported advanced cultivation technology, quality breeding stocks and other

applied farming technologies to promote high-yielding agriculture with quality produce.

Last year Anhui spread the use of a rice cultivation and growing technique from Japan to one third of the province, achieving a ten percent output increase per mu (one mu is 0.1647 ha [hectare]).

The Fuyang region benefited from the skills of a Japanese expert in growing apples. More than 700 kg of apples are now harvested per mu, a one-third increase. The region has devoted 40,000 mu to growing the fruit.

Emphasis has meanwhile been placed on updating and retooling major state-owned enterprises.

A leather factory in Anqing employed 15 foreign experts to improve its technology and management skills, enabling its products to enter the world market and increase its annual output value by one million yuan.

"The key to success is using the talents of foreign experts to develop the local economy," said Zhang Mingxiang, deputy director of the province's Foreign Experts Office.

To date, Anhui has fostered close co-operative ties with countries like Japan, Germany, France, the United States and Canada.

Zhang said his office is planning to recruit more experts, including overseas Chinese, from more countries and regions to help modernize Anhui's major enterprises and agriculture.

Anhui's Industrial, Commercial Tax Increases in 1993

OW3101094494 Hefei ANHUI RIBAO in Chinese 20 Jan 94 p 1

[Excerpt] Total receipts of Anhui Province's industrial and commercial taxes topped 7 billion yuan last year. During the year the province collected 7.41 billion yuan in industrial and commercial tax, registering an increase of 33.6 percent. The amount was 990 million yuan higher than the annual quotas, and exceeded by 670 million yuan the additional target set for our province by the state above and beyond the annual quotas. Of which, industrial and commercial taxes collected at local levels rose by 1.8 billion yuan, or 34.6 percent, exceeding by 810 million yuan the revenue target set by the provincial government. [passage omitted]

Fujian To Expand Power Sector

OW3001020094 Beijing XINHUA in English 0125 GMT 30 Jan 94

[Text] Fuzhou, January 30 (XINHUA)—Lin Kaiqin, vice-governor of east China's Fujian Province, said that the provincial government will take effective measures to step up the development and reform of the power industry this year.

According to Lin, the province will increase its total installed capacity of electric power by one to 1.2 million kw annually in the succeeding six years before the year 2000, in a bid to meet the needs of its booming economy.

Reform of the investment structure of the power industry will be furthered enhanced. Those who invest in the power sector will be granted priority in using power.

Lin also noted that foreign business people are welcome to invest in the power sector.

According to local sources, the province is expected to step up preparatory work for the construction of a nuclear power station.

Official statistics show that last year the provincial total electric energy production hit some 19.6 billion kwh, 10.7 percent more than in 1992.

However, at least 20 percent more is still required for the development of the economy.

Fujian Focuses on Highway Construction

OW3101035694 Beijing XINHUA in English 0151 GMT 31 Jan 94

[Text] Fuzhou, January 31 (XINHUA)—East China's Fujian Province will invest a record 2.4 billion yuan in highway construction this year.

A provincial official in charge of transportation said that the province will speed up construction of the Quanzhou-Xiamen Expressway this year while preparing for the building of three other expressways.

These expressways will run respectively from Fuzhou, capital of the province, to Quanzhou, an ancient cultural city; from Xiamen, one of China's five special economic zones, to Zhangzhou city; and from Zhangzhou to Zhaoan.

In addition, the province will renovate the national highway running across the province as well as local trunk highways.

According to statistics, Fujian spent 1.3 billion yuan on constructing 1,300 km of highways last year.

Jiangsu Governor Addresses Plenary Meeting

OW3101015294 Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 18 Jan 94

[From the "News" program]

[Text] At the Jiangsu provincial government's enlarged plenary meeting yesterday, Governor Chen Huanyou drew up a plan for the government's tasks this year. The plan's general requirements are: earnestly implement the guidelines of the 14th CPC National Congress, the Third Plenary Session of the 14th CPC Central Committee, and enlarged meeting of the provincial party committee; continue to emancipate minds; insist on doing practical

work; firmly seize opportunities to accelerate the pace of reform and opening up to the outside world; quicken scientific and technological progress; quicken industrial readjustment; strengthen socialist spiritual civilization; promote sustained, rapid, and healthy economic development; and promote comprehensive social progress. Vice Governor Ji Yunshi presided over the meeting. Vice Governors Yu Xingde, Yang Xiaotang, and Jiang Yongrong attended.

Chen Huanyou said: In the past year, all localities and departments in Jiangsu had seized opportunities, deepened reform, widened opening up, and strengthened and improved macroeconomic regulation and control, as well as upheld economic development and socialist spiritual modernization. As a result, the national economy thrived with new progress in various tasks. The comprehensive economic strength was lifted up to a new stage, and the second two-fold economic growth was realized seven years early. The per capita GNP was higher than the national average.

Chen Huanyou pointed out: This is an important year for maintaining a good development momentum for economic construction as well as a crucial year for promoting overall advancement and a vital breakthrough in reform. The government and its departments must do a good job in 10 aspects: 1) Centering on accelerating the establishment of the socialist market economic system, it is necessary to comprehensively deepen reform and accelerate the establishment of a modern enterprise system; a unified, open, competitive, and orderly market system; and a rational income distribution and social security system. 2) It is necessary to comprehensively implement a strategy of openness to quicken the process of internalization for Jiangsu's economy. 3) It is necessary to strengthen the role of agriculture as the foundation of the national economy and to comprehensively develop rural economy. 4) It is necessary to optimize industrial structure, increase the role of science and technology, and enhance economic efficiency. 5) It is necessary to plan meticulously and rationally to vigorously develop tertiary industry. 6) It is necessary to strengthen efforts in readjusting the investment structure by strengthening the construction of infrastructures and basic industries. 7) It is necessary to apply scientific and technological means for Jiangsu's development. We should further develop science and technology and education. 8) It is necessary to attach great importance to strictly control population growth as well as strengthen environmental protection and land-use management. 9) It is necessary to strengthen spiritual civilization and further promote cultural activities. 10) It is necessary to correctly handle the relationship between reform and development and stability as well as strengthen socialist democracy and legal system construction to ensure social and political stability.

Chen Huanyou concluded: From now until the Spring Festival, leaders of all levels and departments must make appropriate arrangements for various work. It is necessary to ensure coordinated economic operation and

stable production. We must stress safety and stop major accidents. We must work to ensure adequate market supply and stable market prices so that the people can have a joyous festival.

Jiangsu Plans To Attract More Overseas Investment

OW3001163194 Beijing XINHUA in English 1510
GMT 30 Jan 94

[Text] Nanjing, January 30 (XINHUA)—Jiangsu Province, one of the most economically developed provinces in China plans to attract some 10 billion U.S. dollars of direct overseas investment this year, according to local officials.

Official figures show that last year the province approved more than 10,000 overseas-funded firms, involving a total investment of more than nine billion U.S. dollars, doubling the figures for the previous year.

Located in the Chang Jiang River Delta, a priority area of development in China, Jiangsu has been ranking first in total industrial and agricultural output value among all provinces in the country. A total of more than 18,000 overseas-funded firms have been established here by businesses from 85 countries and regions in the world.

Statistics show that the scale of overseas investment has been on the rise. More than 700 foreign-invested projects have been capitalized with more than 10 million U.S. dollars each. Some 60 leading international companies from the United States, Japan and the Netherlands have made investment in Jiangsu.

Meanwhile, in major cities like Suzhou, Wuxi and Changzhou 60 percent of the big state-owned enterprises have now introduced foreign investment.

The areas where foreign investment went to have also been expanded. Officials from the provincial department in charge of investment affairs said that most of the overseas investment has been concentrated in the ten national development zones in the province. But all counties and almost every township have introduced overseas investment.

Investment has poured into such fields as basic industries, infrastructures, the service sector and high technology. Since the beginning of the 1990s, foreign investors have shown great interest in the province's construction of highways, ports, bridges, airports and energy projects.

The officials also noted that in recent years more and more Taiwanese businesses have invested in the province. Official statistics show that to date, the province has approved more than 3,800 firms with Taiwan investment, involving a total contractual funds of over four billion U.S. dollars. Big projects with at least 10 million U.S. dollars have exceeded 100.

Shandong Secretary Views Anticorruption Campaign

SK2901032894 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 27 Jan 94

[Text] On 27 January, at the provincial conference on discipline inspection and supervisory work, Jiang Chunyun, secretary of the provincial party committee, stressed the need to further strengthen leadership and do a solid job to firmly grasp and achieve even greater results in anticorruption campaign closely around the demand for the whole party's work known as seizing the opportunity, deepening reform, promoting development, and maintaining stability.

Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province, presided over the conference. Leading Comrades Li Zhen, Lu Maozeng, and Tan Fude attended the conference. Jiang Chunyun made an important speech.

Jiang Chunyun said: Struggling against corruption is one of the three major events emphatically grasped by the CPC Central Committee and the State Council last year. Over the past five months, party and government organizations at all levels in the province have conscientiously implemented the important speeches of Comrade Jiang

Zemin and the guidelines of the second plenary session of the Central Discipline Inspection Commission, have exerted great efforts in doing a lot of work for struggling against corruption. In general terms, the central authorities' target of achieving marked results in anticorruption campaign at the present stage has already been fulfilled basically.

Jiang Chunyun pointed out: This year, the general demand on the provincial discipline inspection and supervisory work is to continuously carry out the CPC Central Committee's decision on waging the struggle against corruption, closely around the central task of economic construction, by implementing the guidelines of the 14th CPC Congress and the Third Plenary Session of the 14th CPC Central Committee, under the guidance of Comrade Deng Xiaoping's theory of building the socialism with Chinese characteristics and the party's basic line, in order to carry on the anticorruption campaign in a penetrating manner with even greater results on the basis of consolidating the already achieved results.

Jiang Chunyun stressed that attention should be paid to the issues in the following four aspects: First, we should pay attention to the focus and continue to make leading cadres clean, honest, and strict with themselves. This year, the focus of the anticorruption campaign should be still placed on the leading cadres at or above the county and city levels. Leading party and government organizations at all levels in the province should further maintain administrative honesty in combination with their respective realities in line with the five stipulations and new

demands set by the central authorities. Leading comrades of all localities must take a lead and set an example for their subordinates. Lower levels should also positively help leading organs in struggling against corruption rather than interfering with it.

Second, we should grasp [words indistinct] to safeguard the seriousness of party and administrative discipline. In investigating and handling cases, we should place emphasis on leading party and government organs, judicial departments, law enforcing administrative departments, and economic management departments. Party and government organizations at all levels should further strengthen leadership and support discipline and law enforcing departments to handle cases. Those who obstruct and interfere with the handling of cases, who conceal and refuse to report cases, who pigeonholed cases and refuse to investigate them, and who investigate cases but refuse to pose punishment should be [words indistinct] immediately. We should persist in the system of making party and government leaders assume the responsibility for handling cases, and the cases that are difficult to be handled should be taken on by first and second top leaders of party committees. Discipline and law enforcing organizations should persist in principles and [words indistinct] Once major clues for solving cases are discovered, they should be seized firmly. No matter who is involved, all cases should be investigated thoroughly and dealt with resolutely without any tolerance. Severe punishment should be given to those who indulge in the practice of higher authorities having policies and the localities having their countermeasures and to those who infringe upon the overall interests for the sake of the immediate, partial, and small groups' interests.

Third, we should pay attention to checking the unhealthy trends strongly commented by the masses. In correcting the unhealthy trends of various trades, we should proceed from the heads of trades and from the sources. By adopting the method of clearing up higher levels first and lower levels then and combining higher levels with lower ones, leading organs should take the lead in clearing up unhealthy trends and solving problems. Organizational departments, in particular, must set an example for the whole province.

Fourth, we should grasp systems and gradually bring the work of opposing corruption and advocating administrative honesty to the orbit of institutionalization and standardization. The most important thing to solve the corruption problem is to depend on laws and systems. We should study the laws and characteristics of market economy, unite them with reform and development, and gradually set up a supervisory and restriction mechanism that is suitable for the socialist market economic system.

Jiang Chunyun stressed: We should actually strengthen leadership over the anticorruption campaign. The campaign has now entered the stage of tackling the most difficult problems. Success or failure in achieving substantive progress in this campaign has a bearing on the prestige of the party among the masses and on reform,

development, and stability. Party and government organizations at all levels must actually strengthen leadership, be meticulous in organization, and firmly grasp the anticorruption campaign. We should strictly grasp policies and principles to promote the sound and effective progress of the anticorruption campaign.

Shandong Arrests Suspect in 1.25 Million Yuan Theft

SK2501033394 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 23 Jan 94

[Text] Recently, the province's public security organs cracked an especially important theft case involving 1.25 million yuan in Renminbi. Criminal Zhang Hongguang was captured in Henan's Zhengzhou on 20 January.

At about 1800 on 16 January, the exchequer of the Yantai branch of the People's Construction Bank of China was broken and a total of 1.25 million yuan in Renminbi was stolen. According to the results of this investigation, this case was [words indistinct]. Working with local public security organs, public security cadres and policemen of the province went to Zhengzhou on 20 January and seized Criminal Zhang Hongguang at 2100.

Shanghai Leaders Urged To Ensure Security

OW2701140294 Shanghai JIEFANG RIBAO in Chinese
12 Jan 94 p 1

[JIEFANG RIBAO commentator: "Leaders Should Take Up the Responsibility of Ensuring Security in Their Districts"]

[Text] Public security is a hot issue of public concern, and an issue to which the people have responded strongly. It is also one project to which the Shanghai Municipal Party Committee and the municipal government have attached great importance. As a result of the various measures party and government leaders have taken to tighten comprehensive management of public security in recent years, Shanghai's public security and order have improved noticeably, and an environment favorable for Shanghai's reform, opening up, and economic development has been created. Nevertheless, we should also realize that certain districts are still plagued by serious public security problems, and the people are eager to see this situation change. Leading cadres in these districts must fully understand their responsibilities and take effective measures to deal with the problems until actual results have been achieved.

Shanghai has a system under which leading cadres are charged with the responsibility for managing public security in a comprehensive manner. This system has institutionalized the principle that "whoever is in charge should also take up his or her responsibilities." Under this system, principal party and government leaders must be the first persons responsible for the security of

the districts and departments under their charge. Experience proves the key to achieving comprehensive management of public security lies in the leadership exercised by the top leaders of one level over the top leaders of the next level. Comprehensive management of public security is a broadly involved and formidable social systems engineering project; and only when principal leaders attach importance to it, care for it, support it, and involve themselves in it can they mobilize and guide other responsible cadres to do their job with real efforts. In accordance with their assignments for comprehensive management of public security, party and government cadres at all levels must find their respective positions, discharge their respective responsibilities, properly supervise their own staff, and take proper care of their own affairs so that peace can be ensured in districts under their charge.

To succeed in comprehensive management of public security, the system governing leaders' responsibilities in ensuring peace in districts under their charge should become one criterion having a close bearing on leading cadres' term of office, performance evaluation, promotion, and award or disciplinary action. Leading party and government cadres of various districts and departments whose serious negligence of duty has given rise to protracted public disorder or to major incidents upsetting the local stability must be disciplined in accordance with relevant party and administrative rules.

To show that they care about comprehensive management of public security, leading cadres at all levels must conduct investigation and study at grass-roots units and attend to their major problems. More importantly, they must pay attention to giving full scope to the roles played by organs in charge of comprehensive management of public security as well as departments in charge of public security, judicial, and educational affairs. Moreover, they must attach importance to the work of these departments, care for their work, support their work, and earnestly help them deal with the outstanding problems they encounter in their work. We should also have effective measures for mobilizing the people, especially party member-cadres, to take part in the management of public security in certain districts or trades so that the work of ensuring peace there will become an obligation of each and every one.

Development needs stability, and there will be no development without stability. On the other hand, development promotes stability, and stability ensures development. Leading cadres at all levels must fully understand and have a firm grip of the dialectical relationship between development and stability. Under the new situation where Shanghai continues to deepen reform, open wider to the outside world, and take the lead in building a socialist market economic system, we hope all our cadres will take advantage of the system of delegating leading cadres responsibility for comprehensive management of public security, and mobilize and organize people in our society to intensify the project so that a

social environment favorable for achieving a sustained, fast, and healthy economic development can be created in Shanghai.

Shanghai Mayor Addresses Financial Sector Forum

*OW2901161194 Beijing XINHUA in English 1453
GMT 29 Jan 94*

[Text] Shanghai, January 29 (XINHUA)—Huang Ju, mayor of Shanghai, said today that the financial industry has become a crucial force of the metropolis's social and economic development.

The mayor was addressing a financial conference here. He said that Shanghai's steady economic development in 1992 was closely related with the rapid growth of the finance sector in the city's economy. It would act as a strong backup to the city's further reforms and development.

The mayor pointed out that a big modern market, with finance as its core, is being framed in the city. Its stock market had a total transaction of 520 billion yuan last year.

More than 10 national exchange markets are being standardized under legal system.

The city's financial sector will concentrate its administration on bank loans, develop financial markets, promote reforms in state-run commercial banks as well as in foreign exchange administration systems, according to Mao Yingliang, director of the Shanghai branch of the People's Bank of China.

Shanghai Sees More Joint Stock Companies

*OW3101035794 Beijing XINHUA in English 0228
GMT 31 Jan 94*

[Text] Shanghai, January 31 (XINHUA)—Shanghai's 92 joint stock companies which have issued stocks to the public are displaying strong vitality in market economic conditions.

By the end of last year these enterprises, involved in the fields of industry, commerce, public utilities and real estate, had combined capital totalling 22.3 billion yuan. Twenty-nine of them have been approved to issue B-shares and H-shares.

A survey shows that they have raised a sum of more than 30 billion yuan by issuing stocks.

Last year, 31 of them each generated 40 percent more profits than in the previous year. The economic index of the rate of output value, and profits and taxes, and the net increase of fixed assets was higher than the average level for Shanghai's industries.

At present, these enterprises have separated their property ownership from management, and shifted their operational mechanisms toward the market economy.

One example is the Shanghai Petrochemical Company Ltd, which has 6.2 billion yuan in capital.

Aiming at establishing the modern enterprise system, the company has cut its organizations from 55 to 19 and reduced its employees from 1,270 to 420.

Meanwhile, it has employed an international standard financial auditing system to reduce its production costs.

A municipal government official in charge of industry disclosed that Shanghai's enterprise reform this year will concentrate on the establishment of a modern enterprise system, including the formation of joint stock companies which will float their shares.

At the same time, partnership companies have gained a rapid development. By the end of last year, the number of such enterprises had to 2,992, with capital totalling 1.46 billion yuan.

'Roundup' Views Shanghai's 'Improved Environment'

*OW3001073694 Beijing XINHUA in English 0651
GMT 30 Jan 94*

["Roundup": "Shanghai Strives To Improve Environment"]

[Text] Shanghai, January 30 (XINHUA)—Anyone who revisits Shanghai will be happy to see the daily improved environment here.

Factories discharging heavy pollution in urban areas have been removed or switched to produce pollution-free goods, and the first construction phase of the waste water treatment project on Suzhou Creek across the city has been completed.

Projects completed last year included the expansion of the Zhabei Water Works, construction of the Yangpu Bridge and plantation of lawns and street gardens.

According to Gu Yongkang, an official of the municipal bureau of environmental protection, the rapid economic development will inevitably bring with it pollution problem.

To develop Shanghai—China's biggest economic center—into a world first-class metropolis, with clean, beautiful and comfortable surroundings, the municipal government is spending 23.9 billion yuan, including foreign loans, on environmental protection and urban construction in the 1991-95 period.

Included in this sum is a record 10 billion yuan used in 1993.

"The days are numbered when people smell because of the Suzhou Creek a mile off," said Zhou Yucheng, senior engineer of the Shanghai construction company for treating waste water.

A 33.39-kilometer-long pipe has been laid to carry water from the creek in the urban area directly to the East China Sea after treatment.

"When the whole project is completed," Zhou noted, "it will be able to treat and clean the waste water in the creek for industrial use and irrigating crops."

A survey shows that about 300 industrial enterprises discharging pollution in urban areas had been removed or switched to produce pollution-free goods by the end of 1993 and 300 more are ready for treatment.

"From now on, no factory which does not accord with the demands of environmental protection is allowed to be built in the urban area," said Gu Bochuan, an official of the Shanghai Municipal Economic Commission in Charge of Planning.

"Shanghai will follow the new industrial pattern with focus on the development of pollution-free, high-tech industries including electronics, computer and bio-engineering," he added.

While rearranging the industrial structure, China's most populous city has also vowed to expand green coverage in its limited urban area.

According to a plan of the municipal greening department, Shanghai will build three new parks this year, bringing the total number in the city up to 61, and expand tree belts, lawns and gardens by 93 hectares during this period.

By the end of the year 2000, Shanghai residents will have an average of four square meters of public green areas per capita, up from 1.1 square meters per capita at present.

According to the municipal environmental protection bureau, Shanghai will adopt measures to clean the Huangpu River.

Included are construction of animal droppings treatment projects on the upper reaches of the river, and taking specific measures to prevent and clean industrial pollution.

At present, Shanghai is building a second drinking water source.

Projects whose construction has been completed include the expansion of the Zhabei Water Works, Lingqiao Water works in New Pudong Area, a newly-established economic zone, Yuepu Water Works and the Qingchaosha Reservoir.

Upon completion, a bureau official said, these projects will greatly help improve the drinking water quality of Shanghai residents.

In addition, the city will build a wild animal farm and a tree belt this year.

Huang Ju, mayor of the city, said: "Our purpose is to develop Shanghai into a city with the world's first-grade ecology and modern infrastructure facilities."

More and more people in Shanghai are full of confidence in this aim.

Shanghai Reports Largest Port Capacity in Nation
OW3001163094 Beijing XINHUA in English 1502 GMT 30 Jan 94

[Text] Shanghai, January 30 (XINHUA)—Shanghai, the largest port in China, remained at the top of the list in 1993 in terms of handling capacity.

Last year, the port reported a handling capacity of 175.96 million tons, a net increase of more than 13 million tons over that of 1992, according to the Ministry of Communications.

The figure puts Shanghai some 100 million tons ahead of Qinhuangdao port, the second in terms of handling capacity, located in north China's Hebei Province. The increase amount almost equals the annual handling capacity of Rizhao in East China's Shandong Province.

The handling capacity of the port rose by 5.2 percent in 1991 and 11 percent in 1992. Its growth rate last year was 7.4 percent.

In addition, major seaports of China reported a handling capacity of 635.56 million tons in 1993, up 12.6 percent compared with the previous year.

Of the ports which have a handling capacity of more than 50 million tons each, Shanghai's growth rate is lower than those of Ningbo in Zhejiang and Guangzhou in Guangdong and much higher than those of Dalian and Qinhuangdao.

Zhejiang Economic Work Conference Ends
OW3001200394 Hangzhou ZHEJIANG RIBAO in Chinese 15 Jan 94 p 1

[By reporter Sun Jieren (1327 0512 0086): "Provincial Economic Work Conference Closes Yesterday—Li Zemin Speaks; Chai Songyue Makes Summing-up; Wan Xueyuan, Liu Feng, Lu Zhongong Present"]

[Text] The four-day provincial economic work conference closed yesterday. Li Zemin, Wan Xueyuan, Liu Feng, Chai Songyue, Lu Zhongong, Xu Yongqing, Liu Xirong, Liang Pingbo, Si Daxiao, Xu Xinguan, Long Anding, Zhang Qimei, Xu Zhichun, Sun Jiaxian, and other provincial leaders attended yesterday's meeting. Li Zemin spoke and Chai Songyue gave a summing-up of the conference, expressing his opinions on the reform of the fiscal and taxation system as well as enterprise and agricultural problems, which were matters of great interest.

In the reform of five major systems, reform of the fiscal and taxation system is the one with great difficulties and

encompassing a wide range of issues. Practicing the financial system of separated taxes and gradually bringing the "contract system" to an end is not only a significant reform in fiscal and taxation work, but will also lead to crucial changes in the behavior of the government and enterprises. The current reform of the taxation system, which has introduced the value-added tax and unified income tax rates, is extremely indispensable to bringing about a system of fair taxation and thus creating a market environment for fair competition among enterprises. Although the reform of the fiscal and taxation system has caused some problems that cannot be ignored in the economic work in the near term, what is more important is that it has offered a rare opportunity to step up Zhejiang's economic growth and improve its economic quality. We should all the more be aware of its beneficial effect on long-term development, and stand on a higher point and take a longer view. We should often approach the issue of reforming the fiscal and taxation system with a positive view and thus grasp its significance, use our brains frequently, and think of a way to practice it; whoever grasps this issue and takes the earlier initiative will benefit sooner.

The fundamental way out for running enterprises well under the new situation still lies in deepening reform. From a long-term point of view, we should strive to attain the goal and fulfill the requirement of establishing a modern enterprise system. At the moment, we should run existing enterprises well as the preparatory and fundamental work for the establishment of a modern enterprise system in the future. In light of the fact that Zhejiang's enterprises increased their losses last year and some of them have failed to reverse their loss-making situation for a long time, in proceeding with reform this year we should firmly follow the principle of the circulation of equities in a market economy to promote reform bravely and strive for a new breakthrough this year. Enterprise reform is the microeconomic basis of economic reform as well as the key to the success or failure of this year's reform. In approaching the issue of enterprise reform, we should further emancipate our minds and feel freer in taking action.

To put agriculture on the course of a market economy, we still have to keep exploring in the course of practice. Developing high-yield, high-efficiency, and fine-quality agriculture as well as developing "large-scale agriculture" which incorporates the distribution system is the direction we should adhere to. Since Zhejiang deregulated prices of farm produce, the problem of ignoring the government's guidance and administration has existed in the past few years. This year, we must redress abnormal phenomenon in agriculture, such as large area of uncultivated land and unattended fertile farmland. We should reverse some cadres' view that the government is of no help to agricultural production, particularly grain production, and thus let it drift. We should also study and improve ways to guide peasants' work and must not further increase their burden. We should

strengthen management over the supplies of the means of agricultural production to cut the cost and increase the returns of growing grain.

The tasks in this year's economic work and reform are arduous. We should look to the following: The organization and establishment of local financial institutions is of important significance to local economic development in the future, all localities and departments in charge of financing should do more preparatory work for the organization and establishment of cooperative banks in urban and rural areas—making plans first and strive to take a significant step towards this goal this year. We should make good arrangements to ensure supplies on the market, strive to control commodity prices, and forestall manmade abrupt price hikes. Meanwhile, we should ensure industrial production, transport services, traffic safety, public security, and others around the spring festival in a down-to-earth manner.

The special meetings on financing, taxation, economic restructuring, planning, and foreign trade, which were held simultaneously with the provincial economic work conference, have also successfully completed their respective major agendas. Some 1,500 comrades in charge of prefectural, city, and county governments and departments around the province attended this conference.

Spokesman Says Zhejiang's Hangzhou Economy 'Booming'

HK3101071094 Beijing CHINA DAILY in English 31 Jan 94 p 2

[By Zhu Huhua: "Hangzhou Business Environment Improves"]

[Text] Hangzhou—Hangzhou, the provincial capital of East China's Zhejiang Province, is still booming from co-operations with foreign investors, a municipal spokesman said over the weekend.

And city officials pledge to invest more funds and expand foreign trade.

The city, renowned for its scenic spot of West Lake, has continued foreign expansion by improving the investment environment, said the spokesman Shen Zheshou.

In 1993, 1,078 foreign-funded enterprises were approved in the city, with investments of 357 million yuan (\$41.03 million).

The total number of foreign-funded enterprises in the city is 1,959, with an actual foreign input at \$540 million, he said.

Meanwhile, the commodities special for foreign trade went up to 11.18 billion yuan (\$1.28 billion) last year, a 65.7 percent increase over 1992.

More than \$468 million worth of exports were done directly by the enterprises, which previously used foreign trade companies as agents.

Shen added that five enterprises were set up abroad.

And city businessmen also signed more contracts to build engineering projects in foreign countries.

The city's industrial achievements in other sectors during the past year were also remarkable, said Shen.

The city has sped up its infrastructure construction and renovated buildings to provide a sound investment climate in 1993.

The efforts have paid off.

Four State-level development zones have received 377 projects worth \$941.8 million. Construction of three provincial-level economic and development zones is also underway, he added.

Total investment in fixed assets was up 45.6 percent over 1992 to 9.6 billion yuan (\$1.1 billion).

And 17 major transportation projects, with an expected investment of 2.3 billion yuan (\$254 million), started construction last year.

Southwest Region

Guizhou Governor Comments on Rural Economy

HK3001022994 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 22 Jan 94

[Text] In his government work report to the Second Session of the Eighth Provincial People's Congress, Governor Chen Shineng stressed: Agriculture, the rural areas, and the peasants have always been the fundamental issue that has an important bearing on Guizhou's overall economic development. Agriculture must be a priority in economic work.

He said: Rural economic structural adjustment must proceed on the basis of maintaining a stable increase in grain production with a focus on the development of township and town enterprises, animal husbandry, and highly efficient industrial crops.

Governor Chen Shineng continued: Township and town enterprises should implement the policy of major development and major improvement and ensure a 30 percent annual growth rate while striving for 40 percent. This year, the province will build 20 small industrial zones for township and town enterprises' development. In animal husbandry, aquatic breeding, and crop planting, we should develop pig breeding step by step, vigorously develop the breeding of cows and sheep, step up the development of eel breeding, and explore the development of all kinds of industrial crops. In two years, we should strive to raise the proportion of the output value of animal husbandry and aquatic breeding to the gross

agricultural output value to more than 30 percent. In industrial crops, we should develop flue-cured tobacco, tea oil, tea, and Chinese medical herbs.

Governor Chen Shineng pointed out: In the course of improving large and medium state-owned enterprises, we should boldly develop the nonstate economic sectors and take this as a strategic point in establishing a market economic structure and stimulating Guizhou's economic development, so as to gradually form a pattern for multiple economic sectors, equal competition, and common development.

Chen Shineng said: Beginning this year, we will put nonstate economic sectors in the economic and social development program and will determine a clear development objective and policy. With the exception of those that have been specifically stipulated by the state, restrictions will be lifted on operational scale, methods, and scopes of nonstate-owned economic sectors. We will support individual industrial and commercial households in carrying out border trade, as long as they have the necessary conditions; in building joint-venture or cooperative enterprises; and in doing business or building enterprises abroad. Financial departments should allocate funds for the development of individual and nonstate economic sectors, which are entitled to equal treatment as state-owned enterprises and township and town enterprises. We should list the operational sites of individual industrial and commercial households in the urban construction program. Wherever possible, we should build all kinds of professional markets and small commodities markets and actively assist nonstate enterprises that have certain potential and good foundations in expanding their scale of operations, upgrading their facilities, and raising their standards. We will encourage redundant personnel as well as scientific and technological personnel in institutions to engage in civilian-run enterprises. There are currently more than 300,000 individual industrial and commercial households in the province, with registered capital of 1 billion yuan. There are more than 3,000 nonstate enterprises, with 50,000 personnel and registered capital of 400 million yuan, and there are 685 three-capital enterprises, with registered capital of \$1.1 billion. The output value of these nonstate economic sectors accounts for 33.5 percent of the gross industrial output value, and their sales volume accounts for 63.1 percent of the total market sales volume.

Broadcasting, TV University Successful in Guizhou

OW3001033394 Beijing XINHUA in English 0254
GMT 30 Jan 94

[Text] Guiyang, January 30 (XINHUA)—The burgeoning broadcasting and television education has eased a serious shortage of well-trained personnel in Guizhou, an interior province in southwest China.

According to Shi Hongzhi, president of the Guizhou Broadcasting and Television University, the school has had 50,000 graduates in the past 14 years, about half as

many as graduated from all the 23 Guizhou-based institutions of higher learning during the same period.

She also said that more than 200,000 people have received short-term and in-service training.

This kind of education, highly cost-effective, has found special preference in Guizhou, whose overall development has long been restrained by shortage of funds and a lack of well-trained professionals.

In one case, the poverty-ridden Miao-Bouyei Autonomous County of Ziyun presented little attraction for university graduates, and those who did go there soon left because of hardships.

The local authorities could do nothing but turn to broadcasting and television education for help and, moreover, they regard it as a short-cut.

To date the county has more than 200 graduates who specialised in a wide range of subjects.

In a large steel company of the province, 580 workers in various key positions have been given access to the province's broadcasting and television education program and now have become the backbone of the company.

According to President Shi, her university now has 22 branch schools scattered across the province, and teaching posts have covered half of the province's counties.

Shi Hongzhi added that the teaching programs have yielded initial success, citing for example that 66 graduates working in a field workplace of the ministry of aerospace industry have been awarded national prizes.

She also said that her university aims targets directly to the service of the local economic buildup, so it adjusts its syllabuses quite often in order to train and provide professionals that are most urgently in demand, such as people skilled in science, technology, economics and law.

The major subjects offered at the broadcasting and television university have soared from three to 90, including such important ones as the manufacturing of plane engines, railway electrification and tourism management.

Sichuan Governor Comments on Economic Reform
HK3001082194 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 30 Jan 94 p 8

[From John Kohut in Chengdu]

[Text] The number one political job in China's most populous province is a lot less glamorous than it may sound: the pay is terrible, the work is full of headaches, and even the pettiest of details sometimes have to be handled by the man at the top. "Actually, China is the most democratic country in the world," jokes Sichuan's Governor Xiao Yang, an ebullient, grand-fatherly figure

of 62 who took office last February and has made a name for himself as one of China's most reform-minded leaders.

When the expressway between Chongqing and Chengdu opened, for example, Mr Xiao had fences put up to prevent pigs and dogs from trying to skip through the traffic. Two days after the fences went up, peasants dismantled them. "They thought it was inconvenient." When stock prices drop or people have a gripe about a corrupt local official, they write to the Governor, who personally responds to the most important of the 300 written petitions he receives from ordinary folk each month.

Such are the everyday problems Mr Xiao faces. Far more pressing, for his own political as well as his people's future, is the threat of peasant riots; controlling the birth rate of a province which, at 110 million people, is the most populous in China; preventing inflation from going out of control; and above all, transforming Sichuan from relative poverty to something approaching the prosperity of the coastal areas.

After more than a decade of the central government pampering the coastal areas with economic reform prerogatives, it finally looks as if hinterland provinces such as Sichuan will be getting a bigger share of the pie. Last year, the central government invested 30 billion yuan (about HK\$27 billion [Hong Kong dollars]) in Sichuan. This year, the figure will probably reach 40 billion. A big portion of the money will go into infrastructure.

Foreign investment in Sichuan last year soared to U.S.\$2.6 billion (HK\$20.2 billion), double the amount of the previous year. The bulk of this investment has been small-scale, low-technology ventures, but the province is now trying to attract big infrastructure projects. Mr Xiao said Sichuan hoped to sign an agreement with AT&T this year to set up a telephone switching joint venture which would produce about one million telephone lines per year. And the province has started up an electricity generating equipment plant with General Electric of Canada.

In urban areas, a big problem this year will be controlling inflation, which was eight or nine percent last year, well below the national average, but gaining momentum. The provincial government wants to contain inflation to about 10 percent this year, "but I can't be certain we can accomplish this," Mr Xiao said. When prices soared last year, the government stepped in and sold grain from its reserves to calm the market. Guangdong recently set price controls, but Mr Xiao said there were dangers in tampering with the free market. "If you want to build a socialist market economy, then it isn't appropriate that prices not move," he said.

By the Governor's account, inflation hits hard at a lot of people, in particular the province's 400,000 retired Communist Party cadres, three to four million retired workers, and tottering state-run enterprises employing four or five million people. Including dependents, that

runs to 20 or 30 million people, roughly a quarter of the provincial population. To buffer them against these price spirals—and thus ensure against worker demonstrations—Mr Xiao hopes to introduce a policy which will adjust workers' wages to increases in the cost of living. He is now waiting for the central government to approve the proposal.

Mr Xiao says one of his biggest problems is population control. A campaign is currently in progress to improve contraception and get people to obey China's one-child-per-family law. The Governor estimates his province probably has several million more people than reported in the national census. "Some areas report that they haven't produced (children), but in fact they produced a lot," Mr Xiao said.

Paper Sees 'Growing Unrest' in Rural Tibet

HK3001082094 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 30 Jan 94 p 7

[By Douglas Wade, "recently" in Lhasa]

[Text] As the numbers of Chinese settling in the "Tibet Autonomous Region" increase, reports are filtering through of growing unrest in rural areas. For the first time, there is clear evidence the Chinese Government is actively encouraging agricultural workers from China to settle in rural sites specially prepared in Tibet.

Chinese peasants are being attracted by loan guarantees, less stringent application of the one child policy and promises of land. At the same time, Chinese mining operations in remote regions of Tibet are being stepped up, helped by investments in infrastructure, principally road building, costing some 800 million yuan (about HK\$710 million [Hong Kong dollars]), according to XINHUA (the New China News Agency).

This has sparked numerous protests by Tibetan farming communities, expressing their resentment at what they see as Chinese appropriation of Tibetan timber minerals and land. However, it now appears that the scale of the Chinese population transfers—which entail preparations for tens of thousands of settlers—is resulting in ever bolder and more widespread opposition.

The largest rural settlement programme documented is that now underway in the Lhasa valley, where a United Nations scheme intended to enhance the fertility of the valley will reportedly result in some 130,000 Chinese peasants taking up residence. Tibetan villagers in the Lhasa valley have reported receiving official notification that they will be required to vacate their houses to accommodate Chinese settlers. The farmers claimed that at a village meeting they were also informed they would have to "give up surplus land", in response to which, although they did not dare openly criticise the principle of Chinese settlement, several villagers complained field quotas were already too low.

Reports of similar events elsewhere in Tibet indicate that local farmers are often heavily in debt to the authorities as a result of various taxes, and sometimes due to contracts for chemical fertilisers which they have been encouraged to sign.

One farmer from Dampa expressed his sense of grievance over the loss of his land in a written statement that was smuggled out of Tibet: "I have been ordered to pay 1,000 yuan per mu (a unit of land) as tax. I have two mu and I was forced to pay 2,000 yuan per year. The sky belongs to the communists and the earth belongs to the communists. If we fail to pay the tax, the leaders seize the land from the masses and give it to the Chinese in order to please them. Lots of people tried their utmost to hold on to their farm lands but ultimately it was taken from them against their will."

The transfer programme has in other cases led to more forthright expressions of anger. Over recent months there have been numerous accounts of village meetings being disrupted, with pro-independence poster and leaflet campaigns in areas thought to have been politically cowed since the suppression of the 1959 uprising, and even of the organised sabotage of infrastructure, such as road construction and telecommunications.

Rural demonstrations, unlike the urban protest marches, have apparently shown little fear of authority. In one case last September, farmers from Sungling in the southern province of Lokha operated road blocks on the main road in their area for two days and distributed leaflets and posters calling for Tibetan independence. When the local administration sent two cadres to investigate, they spent the day beside the road without food, while the demonstrators spat on them and called them names. The demonstration was broken up only when armed police arrived.

In Kyimshi, also in the Lokha region, it appears Tibetan farmers protesting at the purging of Tibetan officials known to oppose the population transfer programme took control of their region for a full month before 1,700 troops quelled the rebellion. In an appeal to the UN smuggled over the border to India, the Kyimshi villagers asserted that during the protest more than 700 demonstrators united to expel Chinese cadres from their region, liberate Tibetan prisoners and shout slogans calling for independence and an end to the population transfer programme.

Concluding their appeal, the villagers expressed concern over the fate of 35 named men and women currently detained in Gutsa Prison in Lhasa. The appeal concluded: "The village has been surrounded, with each home guarded by three soldiers. On the hill to the south of the village they have set up machine-gun posts. At present, people in this village are in a state of turmoil, living under tension and terror. All the people of the village participated in this demonstration, and as a result our brothers and sisters are now undergoing severe treatment, imprisonment and torture. We Tibetans have

no human rights and are facing great risk of extermination. We ask for urgent action to be taken by the United Nations."

Similar, but smaller, events have resulted in numerous arrests elsewhere. Sentences of up to 15 years imprisonment have been handed down to demonstrators on charges of "spreading propaganda regarding counter-revolution". Asia Watch and Amnesty International have documentation of 75 named men and women imprisoned as a result of non-violent demonstrations in rural regions of Tibet over the last year, although the actual figure is undoubtedly much higher. There is also well-documented evidence of the routine torture and beatings of these prisoners.

Ultimately, the causes of this wave of rural unrest are the same as those that sparked off the major demonstrations in Lhasa last year. As the population in Tibet swells due to the influx of Chinese settlers, prices of food and essential goods rise. Tibetans who are losing out in the increased competition for education, jobs and land rights are thus faced with destitution. However, the Chinese Government continues to encourage migration in the apparent hope it will settle their problems there once and for all.

On July 21, 1993, Jiang Zemin was quoted by Xinhua as praising "individuals who have left their homes in coastal and other regions to contribute to Tibet's economic and social development". In August, the new deputy secretary of the Tibetan Communist Party, Chen Kuiyuan, said: "We should open our job market to all our fellow countrymen to participate in the economic opening."

Meanwhile, the Tibetan government in exile, headed by the Dalai Lama, fears it will soon be faced with a situation in which even if there is a plebiscite over Tibetan independence, the on-going influx of Chinese settlers may put the outcome in doubt.

As one of the ministers of the exiled Tibetan government, Kalon Tashi Wangdi, said: "China hopes to drown Tibetans in a sea of Chinese."

Tibet Undertakes Key Projects To Help Economy

OW2901083094 Beijing XINHUA in English 0758
GMT 29 Jan 94

[Text] Lhasa, January 29 (XINHUA)—A number of key energy, transportation and agricultural projects are taking economic center stage in the Tibet Autonomous Region, southwest China.

The projects, involving a total investment of more than six billion yuan (about 690 million U.S. dollars), are helping improve Tibet's investment conditions and exploiting the abundant local resources.

So far, some of the key projects managed by the state and local authorities have been put into use.

The Gongkar Airport in southern Tibet, upgraded by the state to the tune of 273 million yuan, is now the only airport linking Tibet with the outside world with its advanced runway, communication facilities and passenger lounge.

A comprehensive agricultural development project is providing water to another 22,000 ha [hectare] of farmland, pasture and woodland in Tibet with the completion of reservoirs and diversion works last year. As a result, Tibet will increase its production of grain by 5,000 tons and of vegetables by 500 tons a year.

China's largest chromite base is also taking shape in Tibet, capable of turning out 110,200 tons of ore a year.

In addition, some other key projects, including telephone services, a hydropower station and a highway, are all making progress.

Report Views Tibet's Foreign Trade Development

OW3001045594 Lhasa XIZANG RIBAO in Chinese 14
Jan 94 p 1

[By XIZANG RIBAO reporters Mao Yan (3029 3601) and Zhao Renhui (6392 0088 6311): "The Great Progress of This Region's Foreign Trade"]

[Text] The Tibet Autonomous Region Foreign Trade Department grasped the opportune time to adjust its trade strategy last year and made considerable progress in developing imports and exports. The region's imports and exports in 1993 reached US\$52.06 million, of which imports were \$51.2 million and exports were \$868,000. The total increased 32 percent over the previous year. The net amount of import tax delivered to the state was 64.06 million yuan. Reporters learned this from the regional foreign trade import-export company's 11 January work conference.

Under the situation in which an import market has not been formed and the consumer market is still relatively narrow in this region, the regional foreign trade company actively cooperated with enterprises in other localities of the country to expand trade and other business operations. In 1993, the regional foreign trade department strived to expand trade with neighboring countries. The foreign trade company and a Nepalese business concern jointly set up a carpet plant in Lhasa. The Nepalese company's investment was \$100,000 and the foreign trade company's was 2.2 million renminbi [yuan]. The plant was formally put into operation in July, and the plant produced over 600 square meters of handmade Tibetan carpets as of the end of last year. In 1993, the plant exported items with a total value of \$388,000 and imported items with a total of \$160,000 through border trade.

Various departments and branch offices of the regional foreign trade company have been bold in exploring new business opportunities. Two new enterprises were set up with good results as of the end of last year, and five other

ventures are being studied. In 1993, the autonomous region's foreign trade center used more than 600,000 yuan of long-stocked funds and realized a total profit of 10 million yuan. It changed the situation of suffering losses in previous years. The foreign trade company also acts as an agent to handle import business for units in various areas of the region. It has signed contracts with foreign companies totalling \$3.696 million, of which the Yanghu Power Station accounted for \$2.07 million, and \$2.087 million have been utilized.

North Region

Beijing Secretary, Mayor Visit Mountainous Village

SK2901040094 Beijing BEIJING RIBAO in Chinese 7
Jan 94 p 1

[By reporters Xu Jun (1776 6511) and Fan Sancheng (5400 0005 2052): "Mountainous Areas Are the Key to Beijing's Endeavor To Achieve a Fairly Comfortable Standard of Living"]

[Excerpts] Chen Xitong, secretary of the municipal party committee; and Li Qiyang, mayor of Beijing; went to the Fanzipai Village in the remote mountainous area of Miyun County to conduct investigation and study and to give work guidance on 6 January. They emphasized that mountainous areas are the key to whether Beijing can achieve a fairly comfortable standard of living. All trades and professions in the municipality should support the development of mountainous areas, visit these areas more often, and make contributions to their development.

Fanzipai Village used to be the poorest village in Beijing's suburban mountainous areas. Chen Xitong has come to the village seven times since early 1990, when Chen Xitong came to the village to help it shake off poverty. Chen Xitong and Li Qiyang arrived in the village by a minibus very early in the morning. They first listened to reports given by Li Yonghua, secretary of the village party committee; and Zhang Lianyin, head of Miyun County.

Fanzipai Village again reached new heights in development in various trades in 1993. Its industrial and agricultural output value was 30 million yuan, up 50 percent from the preceding year; its per capita income was 1,150 yuan, up 3 times from the 290 yuan of 1989; output of haw was 1.22 million kg, up 100 percent; and number of goats in stock was 540, which enabled 50 households to earn more than 1,000 yuan. [passage omitted]

Chen Xitong gave a speech to affirm the great progress achieved by the village and urge it to make continuous efforts to tap its potential. He said: Miyun used to be a revolutionary base area during the revolutionary war years. After liberation, Miyun people made tremendous and special contributions to the capital by building the

Miyun reservoir. It would be unfair to the people of Miyun County if we did not help its mountainous areas to promote their economy.

Chen Xitong pointed out: Mountainous areas are the key to whether Beijing can achieve a fairly comfortable standard of living. Beijing's mountainous areas have a population of 1.5 million and 60 economically less developed villages, thus lagging far behind the plain areas. If the economy of the mountainous areas is not promoted, and many villages and households remain poor, Beijing will have a big difficulty in achieving a fairly comfortable standard of living.

He emphasized: All trades and professions in the municipality should support the development of mountainous areas, which is their duty and an honor permitting no turning back. Instead of visiting advanced localities and units or attending parties, their leaders should visit mountainous areas more often to conduct investigation and study to learn about the situation and help solve specific problems. All departments, committees, and offices of the municipal party committee and government and large and medium-sized enterprises should also visit mountainous areas more often, not just during Spring Festival, to help solve problems together. Mountainous areas continue to be the largest problem in Beijing's endeavor to achieve a fairly comfortable standard of living. If everyone makes concerted efforts and contributions together, mountainous areas will be developed more rapidly. This is a task we should fulfill if Beijing is to achieve a fairly comfortable standard of living three years ahead of schedule. It should be given wide publicity in the municipality.

Chen Xitong said: Development of the mountainous areas is an important part of the development of the capital. We should make more reports to the central departments and welcome them to develop the capital with us and to support and help the development of the mountainous areas. We should also establish more ties with other provinces and municipalities and welcome them to help the capital in developing mountainous areas. In short, we should mobilize the forces and positive factors from all quarters to accelerate the development of Beijing's mountainous areas.

He pointed out: The municipal rural work conference held not long ago was a very important conference. Mountainous areas should make particular efforts to conscientiously implement the new ideas and new moves put forward at the conference and, on the premise that laws and plans are abided by, further relax policies. It is a good thing, not a capitalist thing, for households in mountainous areas to earn 1 million or even 10 million yuan. We should relax policies resolutely and act bravely. [passage omitted]

Beijing Enforces Compulsory Education Law
OW3001020694 Beijing XINHUA in English 0144
 GMT 30 Jan 94

[Text] Beijing, January 30 (XINHUA)—From this month, parents of drop-outs at primary and secondary schools in Beijing are to be fined between 200-5,000 yuan, according to a new regulation issued recently by the municipal government.

The regulation, which is aimed to stress implementation of the compulsory education law, noted that at the beginning of each semester, parents and guardians of school-age children must ensure that the children enter school to receive compulsory education.

The compulsory education period in China lasts nine years including six years for primary school and three years for junior secondary school.

Beijing adopted an educational inspection system in 1986. Now 14 counties and districts in the city have set up educational inspectors' offices.

Recently, the Beijing municipal government appointed a group of new educational inspectors to supervise the implementation of the compulsory education law in the city.

Song Baozhang, one of the inspectors of the Beijing Municipal Education Bureau, said that there are now 1.46 million youngsters who are studying at primary schools and junior secondary schools in Beijing.

The schooling rate at primary schools in Beijing reached 99.9 percent and the rate at junior secondary schools was 99.92 percent, Song said.

Hebei Secretary Discusses Provincial Reports
SK2801002794 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 26 Jan 94

[Text] After hearing the reports by the provincial-level departments concerned, provincial leaders, including Cheng Weigao, urged again that we should realistically solve problems and ensure that the masses should spend the Spring Festival in a good way.

According to the requirements of the provincial party committee and the provincial government, our province should completely pay back the wages in arrears to teachers, office cadres, and retired cadres by 5 February.

After hearing the reports, Cheng Weigao said: In the previous stage, according to the guidelines of the central authorities and the requirements of the provincial party committee and the provincial government, the departments concerned in the province did a lot of work and adopted some very good methods and measures. Although a few problems have not completely been solved, most problems have been alleviated. To further improve the work and thoroughly solve the problems, we should mainly attend to two tasks. First, we should set

time to pay back the wages in arrears to teachers, cadres, and retired cadres; and to solve the problems that the staff members and workers of the enterprises with difficulties, the disaster-hit rural areas, and the extremely difficult areas lack money and grain to spend the Spring Festival. Second, we should ensure the stability of goods prices and particularly ensure to stabilize the prices of grain, oil, meat, eggs, and vegetables. We should realistically conduct price inspections and market management.

Cheng Weigao pointed out: Solving practical problems for the masses and ensuring we spend the Spring Festival in a good way is not a specific problem but a matter relating to the overall situation. As for the areas that cannot pay back the wages in arrears, the leaders there should first sell their sedan cars and then pay wages to the staff and workers.

Cheng Weigao stressed: Our country is not rich enough. So, we should vigorously advocate the policy of being diligent to build the country and do all undertakings and the policy of waging an arduous struggle and arduously doing pioneering work, resolutely oppose waste and extravagance, and create the greatest economic results with the least input. The leading organs and the leading cadres should set an example in this regard.

Tianjin To House More Overseas Medical Students

OW3001020194 Beijing XINHUA in English 0109
 GMT 30 Jan 94

[Text] Tianjin, January 30 (XINHUA)—Construction of a building to house more students from overseas at the International College of Traditional Chinese Medicine in north China's Tianjin city started this week.

The buildings, providing 17,000 square meters of space, are designed for the study and residence of the 163 overseas students at the college.

The college is the chief educational center of traditional Chinese medicine in China. The overseas students who have enrolled since September 1992 come from 18 countries and regions in the world, including the United States, Germany, Denmark, the Republic of Korea, Japan and Singapore.

Yu Tiecheng, assistant to the president of the college, said that with more and more people becoming interested in traditional Chinese medicine, the college will expand its enrollment of overseas students.

He said that the students to be enlisted into the college next year will reach 500. Last year there were more than 400 overseas applicants for study at the college. But the shortage of buildings limited the capacity of the college, which took on only 70.

The construction project includes 12,000-square-meter residential buildings and a 5,000-square-meter classroom building.

Sponsored by the Tianjin Traditional Medical College, the International College of Traditional Chinese Medicine offers undergraduate and post-graduate courses of traditional Chinese medicine, acupuncture and traditional Chinese pharmacy.

Northeast Region

Heilongjiang's Suifenhe City Elects Officials

SK3001035694 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 29 Jan 94

[Text] (Cao Yongshun), was elected chairman of the city's people's congress standing committee, and Qin Yude mayor of Suifenhe city, during the first session of the fifth Suifenhe city people's congress that ended yesterday.

Activities of Liaoning Secretary Reported

Visits Universities, Research Units

SK2901040794 Shenyang LIAONING RIBAO in Chinese 12 Jan 94 p 1

[By reporter Tao Jie (7118 2638): "Gu Jinchi Goes to Universities and Scientific Research Units To Conduct Investigation and Study"]

[Excerpts] Soon after visiting 14 cities of the province, Gu Jinchi, secretary of the provincial party committee, who had assumed his post for merely three months, went to Liaoning University, Dongbei University, the Shenyang Institute of Metals Research of the Chinese Academy of Sciences, and Shenyang's Nanhu Scientific and Technological Development Zone to conduct investigation and study on 10 and 11 January. [passage omitted]

During the forums held at the two universities, Gu Jinchi analyzed why most schools still experienced strained supplies of funds even though Liaoning's growth of education funds was greater than the growth of revenues every year. He said: The major reason was that, under the old systems, establishment of schools has been duplicated in all localities, which leads to disperse of funds. In addition, the contingent of teachers is so large that it is disproportionate with the number of students. He held that only by deepening reform, can the difficulties in running schools be resolved. He called for concentrating efforts on making a few key universities successful. He expressed the hope that the universities reform will be conducted in better coordination with the economic development plan, and personnel with both scientific and technical ability and economic knowledge will be trained; that old professors will make more contributions to training outstanding young teachers; that teachers will attach importance to the political and ideological training of students and educate them to have enterprising spirit and strong sense of responsibility in addition to training them with specialized knowledge; and

that greater steps will be made in the coordination between the scientific research of universities and enterprises. He said that the provincial party committee and government would make utmost efforts to support these two universities to enter the state's "211 project."

At the institute of metals research and the Nanhu Scientific and Technological Development Zone, Gu Jinchi said: The work that people throughout the province are most concerned about is how to accelerate Liaoning's economic development. They are worried about Liaoning's decline in the country's rating. He realistically analyzed the reason for this and said firmly: Liaoning used to rank second in the country thanks to its strength and was able to accomplish what other provinces and municipalities could not. For this reason, people called Liaoning the equipment department of the country. Things changed later, and some provinces and municipalities surpassed Liaoning. What should Liaoning do? The most important thing is to clearly understand science and technology as the primary productive forces, transform traditional industries with high and new technology, and continue to be able to accomplish what other localities are unable to. Only in this way, can it regain its magnificence.

Gu Jinchi repeatedly talked about transformation of scientific and technological achievements, urging efforts to give wider publicity to science and technology and scientific units to integrate science and technology with industrial production and trade. He hoped that a road to rapid development, rapid transformation, and good efficiency of high and new technology would be blazed. He urged for efforts to learn from the achievements and experiences of scientific and technological development zones to promote Liaoning's economic work.

Accompanying Gu Jinchi during the investigation and study activities were Wang Huaiyuan and Zhang Guoguang, deputy secretaries; and Xu Wencai, standing committee member and secretary general of the provincial party committee.

Inspects Shenyang Economic Zone

SK2901071494 Shenyang LIAONING RIBAO in Chinese 13 Jan 94 p 1

[Text] "Firmly seize the opportunity, boost working enthusiasm, deepen reform, and accelerate development." This is what was particularly talked about by Gu Jinchi, secretary of the provincial party committee, when he conducted investigation and studies at Shenyang Railway Bureau and Shenyang Economic and Technological Development Zone on 12 January.

That morning, after listening to briefings given by Liu Zhijun, director of Shenyang Railway Bureau, and Ma Zengqing, secretary of the party committee of Shenyang Railway Bureau, Gu Jinchi extended congratulations and thanks, on behalf of the provincial party committee and the provincial government, to Shenyang Railway Bureau for its success in overcoming many difficulties

and overfulfilling various state-assigned transportation targets last year. He said: The Shenyang Railway Bureau has done a good job in coordinating with the localities in carrying out their work, and has been involved in what the people are concerned with and worried about, cooperated with the local authorities in economic development, and made prominent contributions. He said: The development of the socialist market economy will bring new problems to the railway departments. For example, enterprises will set their production quota according to the market, and will make the transportation of cargoes more irregular. This will disrupt the planned arrangements of the railway departments, and urge railway departments to understand and accurately find out the pulses of enterprises and markets on their own initiative in order to meet the new changes in cargo transport. He called on the local authorities to cooperate with railway departments in public security, the improvement of work style of railway departments, and safe transportation work on their own initiative, and solve problems at any time.

During a forum with comrades of the Shenyang Development Zone in the afternoon, Gu Jinchu fully affirmed the work of the development zone, and expressed the hope that Shenyang city will study the kinds of technological transformation projects that should be introduced by a number of large and medium-sized enterprises with difficulties in Shenyang at present, the kinds of achievements that can be made by colleges, universities and scientific research institutes in the city, and which research projects are suitable for building in the development zone in line with its advantages of being a mother city near the development zone with a strong supporting capacity and numerous scientific and technical personnel. He suggested: After full preparations, the development zone may use the three existing types of foreign-funded enterprises as "match-makers," or ask the commercial counselors of embassies of some countries to serve as bridges, specially invite a number of foreign large commercial corporations and big financial groups to Shenyang to hold economic and technological talks, and make use of the favorable opportunity that all countries are trying to develop markets to bring in some big and high level items. He also said: At present, Shenyang will no longer be under direct provincial control in making economic and investment planning. All departments in the province should actively support the work of Shenyang city. The development zone should report on its own initiative its excellent situation of speedy development and the difficulties it has come across to the relevant provincial departments and bureaus, and may invite leading comrades of some departments and bureaus to participate in the leadership work of the development zone.

Gu Jinchu also inspected the main control room and the main communications station of Shenyang Railway Bureau, and Lifu Garment company, Zhongguang electronics company, and Tianxing computer equipment company, and three other types of foreign-funded enterprises in the Shenyang Development Zone.

Wang Huaiyuan and Zhang Guoguang, deputy secretaries of the provincial party committee; and Xu Wencai, member of the standing committee of the provincial party committee and secretary general, also accompanied Gu Jinchu during the investigation and studies.

Speaks on Party School Work

SK2901062594 Shenyang LIAONING RIBAO in Chinese 14 Jan 94 p 1

[By reporter Sun Desheng (1327 1795 3932): "The Work of Party Schools Should Suit the Needs of a Socialist Market Economy"]

[Text] "Efforts should be made to enhance the self-improvement of the leading party school bodies, to strengthen the construction of teachers' contingents in party schools, to foster the spirit of boldly scaling heights, and to apply the best research results of social sciences to suit the needs of establishing the systems of a socialist market economy." This is the substance of the speech given by Gu Jinchu, secretary of the provincial party committee, at the forum sponsored by the provincial party committee on the morning of 13 January during his investigation and study tour to a party school. His speech aroused a sympathetic response among the trainees.

The forum was held in the meeting room on the third floor of the newly-built party school's building. The atmosphere was as warm as spring though the weather outside was extremely chilly. Cao Mingyuan, president of the provincial party committee party school, first delivered a report on the school's teaching reforms and on the construction of the school teachers' contingent. Gu Jinchu fully acknowledged the achievements scored by the school in this regard. He said: Party schools are in an important position to enhance party building. In order to enable various circles to pay attention to the work of party schools, we must have party committees at all levels to place the work of party schools on their important daily schedule, to conduct regular research, and to help party schools deal with their difficulties on the one hand and have party schools do a good job in self-improvement to win over the attention from various circles, on the other. Meanwhile, various localities and departments should also do their best to help party schools improve their school conditions and particularly and actively dispatch their trainees to the party schools in line with the demands. Gu Jinchu particularly stressed: The more heavy tasks the leading cadres have assumed, the more attention they should pay to participating the training of party schools.

In citing the teaching reforms of party schools, Gu Jinchu said: Party schools should further deepen their teaching reforms and collect all questions raised by the trainees during the course of their studies in a certain period. They should also have their teachers analyze and study these questions by applying dialectical and historical

materialism, as well as have them successfully do their papers in line with these questions. Only by so doing can the party school reinforce their teaching targets. Party schools should make efforts to have their teaching systems suit the tremendous changes cropping up in the transition between the planned economy and the socialist market one. After the forum with the leading personnel and a number of teachers of the party school, Gu Jinchi cordially called on the third class attended by cadres from the units at the department (city) level, who were engaging in the study of Volume 3 of the *Selected Works of Deng Xiaoping*. Ai Tingjuan, representative of the trainees and vice mayor of the Shenyang City People's Government, briefed Secretary Gu Jinchi on their study situation. Then, he delivered a short speech and said: In studying Volume 3 of the *Selected Works of Deng Xiaoping*, leading cadres must concentrate their efforts on carefully reading the original writings. Efforts should be made to foster a correct idea of development and to correctly understand that it will not do without the theoretical guidance of socialist market economy. He urged the trainees to firmly bear the reality in their minds while studying Volume 3 of the *Selected Works of Deng Xiaoping*, to further emancipate their minds; and to emphatically study the issue of how to have the province's economy achieves sustained, rapid, and healthy development. He also urged them to work out ways of how to have their ideological and working methods truly suit the demands of establishing the socialist market economy, to heighten their spirit, to seize the opportunity, and to make contributions to restoring the province's imposing prestige.

Gu Jinchi also visited the trainees' dormitory and the reading room of the newly built library.

Yu Junbo, member of the provincial party standing committee and director of the organizational department under the provincial party committee, accompanied Gu Jinchi during the investigation and study tour.

Liaoning's Shenyang Unemployed Receive Payments

OW3001033494 Beijing XINHUA in English 0321
GMT 30 Jan 94

[Text] Shenyang, January 30 (XINHUA)—About 14,000 unemployed workers and staff members in Shenyang city, the capital of northeast China's Liaoning Province, are now receiving relief payments from the Unemployed Insurance Service.

Dong Lianzhi, an official of the Shenyang City Labor Bureau, said that the relief funds for the unemployed last year amounted to about 3 million yuan, the highest sum in history.

The official said that most of the unemployed were from enterprises. According to their different working years, they could get relief payments for from three to 24 months, adding that the monthly payment to each of them would be about 75 percent of their past salary.

As one of China's leading heavy-industry cities and the largest industrial base in northeast China, Shenyang has more than 5,500 enterprises, with 2.3 million employees.

With the deepening of the reforms in the economic sector and labor system in China, the number of unemployed people is expected to increase.

To provide living guarantees for the unemployed in the city, the relevant Shenyang labor department set up the insurance fund service for the unemployed in 1986.

So far, at least 18,000 unemployed people have benefited from the system.

Government Considers Building Airport in Spratly Islands*OW2901004794 Taipei Voice of Free China in English
0200 GMT 26 Jan 94*

[From the "News" program]

[Text] The ROC [Republic of China] may build an airport, a port, and a lighthouse on the disputed Spratly Islands to underscore its claim of sovereignty over them. A ranking official with the Ministry of Transportation and Communications said Monday [24 January] from a political standpoint, it is feasible to go ahead with such project even though there may be no economic benefit. ROC Marines maintain a base on Taiping, an islet in the Spratlys. The South China islands are claimed wholly or in part by Brunei, Mainland China, Malaysia, the Philippines, Taiwan, and Vietnam.

An ROC study group of officials and experts toured Taiping for about three weeks last November, and it has started to make a formal proposal on airport (to be published in the media) later this year. Officials said the government plans to develop tourism on the Spratlys and has yet to resolve problems with accommodations and water supply.

Delegation To Leave for U.S. Trip, Clinton Meeting*OW3001105694 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
29 Jan 94*

[Report by Kang Yu-feng from the "Hookup" program]

[Text] A ROC delegation led by Hsu Shui-teh, secretary general of the Kuomintang [KMT] Central Committee, will leave on 30 January to attend the 1993 U.S. Prayer Breakfast Meeting. The delegation was specially invited by the U.S. Congress. As guests invited to attend the [word indistinct] historical breakfast meeting are leaders and vital political figures from various countries in the world. The meeting has been given considerable importance in the international community. In keeping with Sino-American tradition, the ROC delegation will [words indistinct]. This will promote substantial friendly and stable Sino-American relations. The size of the delegation, led by Secretary General Hsu, is not only large but is also quite representative. The delegation includes Chang Hsiao-hsien, minister of the Overseas Chinese Affairs Commission; Tai Jui-ming, deputy secretary general to the president and presidential spokesman; Legislators Kuan Chung and Kuo Chin-sheng; National Assembly representatives [names indistinct]; Lai Kuo-chou, secretary general of the ROC News and Sports Commission; Tu Lun-kang, president of Da An Commercial Bank; Liu Chin-cheng, president of Central Leasing Company; and Hsu Tung-ping, president of East Taiwan Development Company.

The delegation will arrive in Los Angeles on the afternoon of 30 January. During his stay, apart from attending the U.S. Prayer Breakfast Meeting, to be presided over by President Clinton on 3 February, and the Congress lunch meeting, to be chaired by Vice President Gore, Secretary General Hsu will separately meet Senate Majority Leader Mitchell; Robb, chairman of the Asia-Pacific Subcommittee of the Senate's Foreign Relations Committee; Ackerman, chairman of the Asia-Pacific Subcommittee of the Congress's Foreign Affairs Committee; president of the Republican Party National Committee; and (Paileichi), interim chairman of the American Institute in Taiwan, as well as several other leaders and diplomats.

As the visit is another official diplomatic activity of high-ranking leaders during our government's promotion of pragmatic diplomacy policy, it will not only be helpful in promoting substantial Sino-American relations, but also a strong manifestation of the KMT's promotion of party diplomacy, which bears significant meaning. Apart from the above-mentioned itinerary, the delegation is expected to hold large discussion meetings in several major overseas Chinese-populated cities such as Los Angeles, Washington, New York, Houston, and San Francisco. The trips will enable us to understand the concern of overseas Chinese over national affairs and visit the Chinese community there. The delegation is expected to end their trip and return home on 8 February.

Premier Lien To Visit Bahamas After Honduras*OW2801083894 Taipei CNA in English 0653 GMT
28 Jan 94*

[By C. C. Huang, T.T. Lu and Lilian Wu]

[Text] Tegucigalpa, Jan. 27 (CNA)—Premier Lien Chan will change his itinerary and visit the Bahamas after winding up his trip in Honduras Friday [28 January]. Jason Hu, director-general of the Government Information Office, said Thursday.

Lien originally planned to leave Tegucigalpa Friday and return home via San Francisco.

The Bahamas, however, had been keen to have Lien visit while he was in Latin America, and so Lien agreed to a one-day stopover, according to Chang Ping-nan, the ROC ambassador to the Bahamas.

Lien and his 17-member entourage attended the inauguration of new Honduran President Carlo Roberto Reina on Thursday. The ceremony was held at Tegucigalpa National Stadium and lasted four hours.

Lien later met with Nicaraguan President Violeta de Chamorro. He greeted Chamorro on behalf of President Li Teng-hui and expressed his appreciation for Nicaragua's support of the ROC in the international community.

Nicaragua and six other Latin American countries submitted a letter to United Nations Secretary-General Butros Butros-Ghali, asking that the ROC's UN bid be put on the agenda for the General Assembly in September. The request was later voted down.

Chamorro said that she was honored to be able to speak up for the ROC in the international community and said she would continue to do so. She also invited Li and Lien to visit Nicaragua.

Lien also met briefly with Belize President Manuel Esquivel and Guatemalan President Ramiro de Leon Carpio. Esquivel expressed the hope that relations between Belize and the ROC could be cemented. He also said that Belize's vice premier and foreign minister will visit the ROC soon.

Taipei Official Departs for Jakarta for APEC Meeting

OW2801084194 Taipei CNA in English 0720 GMT
28 Jan 94

[By Debbie Kuo]

[Text] Taipei, Jan. 28 (CNA)—Huang Yen-Chao, director-general of the Board of Foreign Trade (BOFT), left Friday [28 January] for Jakarta to attend a senior officials meeting of the Asia-Pacific Economic Cooperation (APEC) forum. The meeting begins Monday and ends Friday.

BOFT Deputy Director-General Lin Yi-fu is accompanying Huang.

The meeting is the first ever of APEC senior officials, and is also the first in a series of APEC meeting to be hosted by Indonesia this year, Huang said at the airport. The other meetings will be held in May, September and November. The November meeting will probably be a ministerial or even presidential meeting, Huang said.

Among the discussion topics at next week's meeting will be a joint proposal by Taiwan and the United States that APEC develop guidelines on small- and medium-business development cooperation, Huang said.

The APEC Investment and Trade Committee, established at the November APEC meeting in Seattle, will also convene for the first time in Jakarta, he added.

Government Focuses on ASEAN, Europe for Economic Ties

OW2801084394 Taipei CNA in English 0728 GMT
28 Jan 94

[By Debbie Kuo]

[Text] Taipei, Jan. 28 (CNA)—The Republic of China (ROC) is focusing on countries in Southeast Asia and

Europe for economic and technological cooperation, a Ministry of Economic Affairs agency reported Friday [28 January].

Through economic and technological cooperation, the ROC boosted substantive relations with those countries, and saw bilateral ties upgraded from private to official levels, according to an International Cooperation Department (ICD) official.

So far, the ROC has held ministerial-level economic and technological conferences with Singapore, Indonesia, South Africa, Paraguay, the Philippines and Vietnam.

Nations that held similar conferences with the ROC at vice ministerial level included Belgium, Ireland, Holland, Saudi [words indistinct] Australia.

Other nations, such as Spain and South Africa, have held economic or technological cooperative meetings with the ROC under the sponsorship of private parties, the official said.

Government Refuses To Reduce Tariffs on Over 200 Products

OW2901084094 Taipei Voice of Free China in English
0200 GMT 28 Jan 94

[From the "News" program]

[Text] Taipei will not cut tariffs on more than 200 agricultural and industrial products, including automobiles, as demanded by Washington D.C., Director of the Board of Foreign Trade Huang Yen-chao stated. The some 200 items among 699 products were listed late last year by Washington for an immediate 50 percent customs duty reduction. After discussions and evaluation with concerned authorities, about 200 items have no room for tariff cuts, Huang said. The government can reduce import tax on about 70 of the 699 items, while the remaining ones need to go through long resistance at the legislature before duty reductions are possible, he added. Huang stated tariff reduction rates and reasons behind the selective reduction policy will be forwarded to Washington for explanation within a week. The tariff reductions are expected to go into effect within two months [words indistinct].

Taipei had intended to hold discussion with the U.S. on the tariff reductions during bilateral assessment talks on Taiwan's entry into the General Agreement on Tariffs and Trade (GATT) slated for next month, but Washington, a key supporter of Taipei's GATT membership, refused and demanded a consultation.

SEF Officials Arrive in Beijing for Preparatory Meeting

OW2901082994 Taipei CNA in English 0706 GMT
29 Jan 94

[By Bear Li]

[Text] Beijing, Jan. 29 (CNA)—Wu Shu, the chief secretary of the Straits Exchange Foundation (SEF), met with officials of the Association for Relations Across the Taiwan Strait (ARATS) Saturday [29 January] in a preparatory meeting to the high-level cross-Strait talks slated for Feb. 1-5.

Wu arrived in Beijing Friday as head of a four-man SEF contingent to arrange the agenda of talks between SEF Vice Chairman and Secretary-General Chiao Jen-ho and ARATS Vice President and Secretary-General Tang Shubei. Chiao will arrive here on Jan. 31.

The Chiao-Tang talks will be the highest-level cross-Strait talks since the Singapore negotiations between SEF Chairman Ku Chen-fu and his ARATS counterpart, Wang Daohan, in April last year.

Officials of the SEF and ARATS, the two intermediary organizations authorized by Taipei and Beijing to handle cross-Strait exchanges in the absence of official ties between the two, failed to reach any concrete agreements in three follow-up meetings to the Singapore talks.

The Mainland Affairs Council (MAC) earlier said that it hoped the Chiao-Tang talks would "create favorable conditions" for a second round of Ku-Wang negotiations.

The SEF had earlier proposed that Chiao and Tang focus on four main areas of discussion:

- The effectiveness of the SEF and ARATS in promoting cross-Strait exchanges, such as in the implementation of agreements on the authentication of documents and compensation for lost registered mail;
- The results of the three follow-up talks to the Koo-Wang meeting;
- The implementation of issues agreed upon during the Singapore talks, including cross-Strait economic cooperation and cultural exchanges, and protection of Taiwan investors in the mainland; and
- Other issues of mutual concern, such as the repatriation from Taiwan of mainland hijackers and illegal immigrants, and the joint crackdown on drug and arms smuggling.

Officials Accuse PRC of Stalling Immigrant Repatriation

OW2901062894 Taipei Voice of Free China in English 0200 GMT 27 Jan 94

[From the "News" program]

[Text] Taiwan officials have accused Mainland China of stalling the repatriation of illegal immigrants and threatened to send them home without China's cooperation. Taiwan has deported 25,299 Chinese immigrants since

1987, but it is holding another 2,346. Future repatriations have not yet been arranged with Mainland China, said the Mainland Affairs Council [MAC], which handles the government's contacts with Peking [Beijing]. The Mainland Chinese come to seek better-paying jobs in Taiwan. Council Vice Chairman [Shu Chi] told reporters who visited the Hsinchu detention center that some of them have stayed in Taiwan over a year all because of the mainland's lack of sincerity in cooperating with the repatriation operations.

In 1990, the Red Cross Society of Taiwan and Mainland China agreed to repatriate the mainland illegal immigrants within 20 days of their arrest. Under the agreement, Taiwan sent the illegal immigrants to the island of Matsu near the Fuchien [Fujian] coast of south China for the pickup by Mainland Chinese boats.

Firm To Sell IC Manufacturing Technology to Germany

OW2901074894 Taipei CNA in English 0646 GMT 29 Jan 94

[By Sofia Wu]

[Text] Taipei, Jan. 29 (CNA)—Taiwan's United Microelectronics Corp. (UMC) will transfer its advanced 0.8-micrometer integrated circuit (IC) manufacturing technology to the German semiconductor maker Thesys, a company spokesman said Saturday [29 January].

It is the first time that a Taiwan company has sold its IC technical know-how to a European firm, the spokesman noted. UMC is Taiwan's top and the world's 31st largest IC producer.

Under a cooperative contract signed in Taipei by UMC Chairman Tsao Hsing-cheng and Thesys Chairman Cludio Loddio [spelling of name as received], UMC will transfer 0.8-micrometer IC design rules, production facilities and management expertise to the German firm. Thesys will pay UMC millions of US dollars in royalties.

Meanwhile, the spokesman said, Thesys will produce 2,000 6 inch IC wafers a month on an original equipment manufacturing basis for UMC starting late this year. Thesys has technology for producing 1.2-micrometer ICs and can turn out 30,000 6-inch wafers monthly.

"By cooperating with Thesys, our company has gained greater access to the European market," the spokesman noted.

UMC began to produce 7-micrometer ICs 17 years ago by buying know-how from America's RCA Co. with a paid-in capital of NT [New Taiwan] \$6 billion (US\$226 million), the company registered a business turnover of NT\$10 bill on (US\$377.35 million) in 1993.

Taiwan had a 2.67 percent share of the world's total IC output last year and the ratio is expected to rise to 10 or 15 percent in the next few years as all major local IC producers have launched expansion projects, industry sources said.

Hong Kong

British Envoy Returns to Beijing, Comments on Talks

HK3001062094 Hong Kong RTHK Radio 4 in English
0500 GMT 30 Jan 94

[From the "News at One" program]

[Text] The British Ambassador to China, Sir Robin McLaren, says he hopes to see senior Chinese officials to explain how the British Government intends proceeding with the implementation of the governor's electoral reform package for Hong Kong. Speaking on his return to Beijing after receiving treatment for a back problem in Britain, Sir Robin said he was present at last week's British cabinet committee meeting on Hong Kong and would relay the views expressed there. He added that he would not go into details but would restate London's commitment to the Joint Declaration and Basic Law.

[Begin McLaren recording] I hope I shall be seeing various senior Chinese officials, now that I have returned, and I should be able to explain to them how the British Government sees the way forward. I think that I won't go into any detail about that, but, as you know, the British Government is firmly attached to the Joint Declaration; we want to work with China to bring about a smooth transition in 1997; and we are ready to resume talks about the matters still remaining to be dealt with on the Legco [Legislative Council] elections if the Chinese side is prepared to do so. [end recording]

Lu Ping Claims 'Secret' Agreement Made on Airport Debt

HK2801061894 Hong Kong SOUTH CHINA
MORNING POST in English 28 Jan 94 pp 1, 2

[By Doreen Cheung in Beijing]

[Text] Britain's acceptance that all borrowings incurred in building the airport and its associated rail link would be counted as Government debt was clinched in secret talks between Sir Percy Cradock and Lu Ping in the summer of 1991, Beijing revealed yesterday. Mr Lu, director of the State Council's Hong Kong and Macao Affairs Office (HKMAO), disclosed the "diplomatic understanding" during a meeting of the Preliminary Working Committee (PWC) in Beijing yesterday.

A member of the airport sub-committee of the PWC Sir Sze-yuen Chung, quoted Mr Lu as saying it was made clear in discussions with Sir Percy that all debt would be government debt for the purposes of discussing how much liability would be left for the Special Administrative Region government after 1997. According to Mr Lu, the ceiling of \$5 billion in borrowing—as stipulated in the Memorandum of Understanding (MOU) on the airport projects—covered the loans required for the airport and its rail link.

Mr Lu's claims were rejected by the Government last night as legislators urged both sides to release details of all negotiations to shed light on the dispute over airport financing which was holding up the project.

A government spokesman said: "Throughout the (airport) negotiations (on the MOU), a distinction was made between borrowings by the Hong Kong Government and borrowings by the MTRC and PAA."

"The MOU limit of \$5 billion refers to Hong Kong Government borrowings and not to borrowings by the MTRC and PAA."

Meeting Point's Zachary Wong Wai-yin said: "We have so much hearsay information, I urge both governments to disclose the documents and let the truth speak." United Democrats legislator Albert Chan Wai-yip said Britain should explain whether Sir Percy had struck such a deal as Mr Lu suggested. "Britain will need to clarify as to when and where the agreement was made, as well as whether Sir Percy was acting in a capacity to make such an agreement," he said.

Sir Percy, who went to Beijing on behalf of the British Prime Minister John Major, was said to have initiated the secret deal on the airport with Mr Lu on June 30, 1991. On July 2, however, the then Governor, Sir David Wilson (now Lord Wilson) denied that any deal was reached. Two days later, China and Britain announced the MOU.

Sir Percy in recent years has been highly critical of the British Government, in particular Governor Chris Patten, over the handling of China affairs. Instead of accepting secret diplomacy as Sir Percy advocated, Mr Patten had adopted a more open approach in dealing with China which resulted in his constantly confronting Beijing on a wide range of transitional issues.

According to Sir Sze Yuen, Mr Lu said at that time it was clear the Airport Authority (now the Airport Corporation) would be part of the Government but unclear who would build the railway. Mr Lu told PWC members that China gave Britain full discretion for it to build the railway—either by itself or by a statutory body.

But under the MOU, any government borrowing excess of \$5 billion required Chinese consent.

Sir Sze-yuen quoted Mr Lu as saying that the airport related contracts and franchises straddling 1997 mentioned in the MOU should be those in the "diplomatic understanding" agreed with Sir Percy. "They have nothing to do with the Basic Law," Mr Lu reportedly said. He said although any laws that are not in breach of the Basic Law will remain valid after 1997, "someone is trying to mislead the public" by saying that those contracts and franchises were governed by the Basic Law. It was clearly stated in the MOU that contracts and franchises straddling 1997 must have Chinese consent if they are to be valid after 1997, Mr Lu said.

The same will apply to the Airport Corporation Bill which was provided in the MOU as a corporation to be formed under the authorisation of the British Government, he added.

The MOU requires the British side to seek prior approval from Beijing on any major airport-related franchises and contracts that straddle 1997.

On the Chinese opposition against granting the sale of 62 hectares of land along the railway in one go, Mr Lu has said the two sides have already agreed to let the Sino-British Land Commission grant the land on an annual basis. China has promised to grant approval of the 62 hectares before 1997, Mr Lu reportedly said, but that the exact amount of land granted each year would depend on market demand.

Sir Sze-yuen sidestepped a question on whether Mr Lu indicated China has submitted its own counter-proposals, saying only that "China does not have the same resources as the Hong Kong Government." He argued that under the MOU the British side should take the initiative to submit proposals while the Chinese side should say yes or no to it. "How can you ask the HKMAO to work out any proposal given its small establishment?" he queried.

Despite Mr Lu's clarification to the PWC members, they had not discussed feasible financial arrangements, Sir Sze-yuen said.

Criticizes UK View on Airport Loans

*HK2901052694 Hong Kong TA KUNG PAO in Chinese
29 Jan 94 p 1*

["Special dispatch" by staff reporter in Beijing: "Lu Ping Accuses British Side of Violating Memorandum of Understanding and Refutes Hong Kong Government's New Formulation"]

[Text] Beijing, 28 Jan (TA KUNG PAO)—Lu Ping, director of the State Council Hong Kong and Macao Affairs Office, today refuted the Hong Kong Government's statement on airport loans. He pointed out: Neither side raised the question of loans made by the Airport Authority in building the airport and its rail link when discussing the Memorandum of Understanding [MOU] on the airport projects, otherwise the sum of money would definitely be stated in explicit terms in the MOU. Now the British side is putting forward a new formulation, that is, the ceiling of 5 billion Hong Kong dollars is only restricted to government loans, thus showing that the British side once again violates the MOU.

After attending a meeting of the Political Affairs Subcommittee of the Preliminary Working Committee, Lu Ping told this reporter: The Chinese side and its British counterpart stated when discussing the MOU that future liabilities left for the special administrative regional

government must not exceed 5 billion Hong Kong dollars and that both sides must consult with each other if the liabilities were going to exceed this sum. He stressed: "At that time, we did not touch the issue at all. The British side never talked about how much money the Airport Authority would borrow in building the airport and its rail link. If they did, it must be definitely stated in explicit terms in the MOU that apart from the 5 billion Hong Kong dollars government loans, how much the Airport Authority was allowed to borrow. Therefore, the British side is now putting forward a new formulation which states that the ceiling of 5 billion Hong Kong dollars is only restricted to government borrowings, showing that the British side once again violates the MOU."

Lu Ping also raised the following question: If the British side holds that the ceiling of 5 billion Hong Kong dollars is only restricted to government loans, whereas loans made by the Airport Authority in building the airport and its rail link can be excluded from the ceiling, it is not necessary to consult with the Chinese side at all since the British side can absolutely make their own decision. He said, "The British side will not be able to borrow the money without China's cooperation."

Comments on Disputed Issues

*HK2801135394 Hong Kong TA KUNG PAO in Chinese
28 Jan 94 p 2*

["Special dispatch" by Li Kuo-chung (2621 0948 1813): "Lu Ping Clarifies Three Points in the Airport Issue and Stresses That Franchises Come Under the Diplomatic Sphere"]

[Text] Beijing, 27 Jan (TA KUNG PAO)—Today, Lu Ping, director of the Hong Kong and Macao Affairs Office [HKMAO] of the State Council, clarified for members of the Economic Group of the Preliminary Working Committee several points in the dispute between China and Britain over the financial arrangements for the new airport. The Group also put forward over 20 suggestions regarding the Airport Corporation Bill and will hand them to the HKMAO for reference later.

Sir Sze-yuen Chung, convener of the Airport Issue Study Team under the Economic Group, said today after the meeting: Regarding the financial arrangements for the new airport, Lu Ping had clarified several points for them and disclosed that the third proposal put forward by the British side was first handed to the Chinese side in April 1993. The proposal included the government pumping in HK\$42.8 billion [Hong Kong dollars]. At the talks that followed, the British side agreed to add HK\$2.5 billion more, increasing the total amount to HK\$45.3 billion, with the amount of debt coming to approximately HK\$40 billion. The Chinese side estimates that according to the financial proposal, the maximum debt can reach HK\$45 billion.

The three points Lu Ping clarified were:

First, some people have misleadingly equated the airport-related franchises and contracts straddling 1997 with the other laws and regulations that do not conflict with the Basic Law and that can apply after 1997. However, laws and regulations are one thing and diplomacy is another. If the franchises and contracts straddling 1997 did not need the consent of the Chinese side, there would have been no need for the Memorandum of Understanding [MOU] to include a paragraph mentioning that the British side must negotiate with the Chinese side over the franchises and contracts straddling 1997. This has nothing to do with the Basic Law and is a diplomatic issue.

Second, the MOU provides that the government debt must not exceed HK\$5 billion. Some people argue that the HK\$5 billion is confined merely to the government and does not include that incurred by the Airport Corporation and the airport railway. But Lu Ping pointed out: In negotiating the MOU with Percy Cradock, the then British special envoy, several years ago, the British side did not say that the airport railway was to be constructed by the government or by the Airport Corporation. The two sides also understood that the Airport Corporation was part of the government. The HK\$5-billion debt includes the debt for the airport railway and the Airport Corporation. It is only a matter of "filling the right pocket from the left."

Third, regarding the 58 to 60 hectares of land along the airport railway, both the Chinese and British sides have agreed that the land should be approved by the Land Committee each year. The Chinese have also agreed to approve all land along the railway before 1997, and the size of the area to be approved depends on the need.

Sze-yuen Chung maintained: The Airport Corporation derives its assets from the government and the debt incurred by the Airport Corporation is the debt of the government. If the debt of the Airport Corporation is not included in the HK\$5-billion debt, the Hong Kong Government cannot sit and let the creditors take away the land if the Airport Corporation has a debt crisis in the future. Therefore, the debt of the Airport Corporation should also be included in the government's debt.

Another group member, Vincent Hong-sui Lo, also held that although the MOU did not deal with the question of debt very clearly, by common sense, the Hong Kong Government cannot but assume responsibility if the future Airport Corporation and railway cannot repay the debt.

He said that the two sides already have the MOU on the question of the Airport-related franchises and contracts, and therefore they should negotiate using this means.

In addition, the Airport Issue Study Team also studied the Airport Corporation Bill and put forward more than 20 suggestions. The relevant report will be handed to the HKMAO for its reference after being passed by the Economic Group.

XINHUA Official Criticizes UK Over Airport Loans

HK3001042094 Hong Kong TA KUNG PAO in Chinese 30 Jan 94 p 2

[Report: "Zhang Junsheng Criticizes Hong Kong Government's Arguments on Airport Loans"]

[Text] Beijing, 29 Jan (TA KUNG PAO)—Zhang Junsheng, deputy director of the XINHUA Hong Kong Branch, has criticized the Hong Kong Government's arguments about the airport loans, saying that the Hong Kong Government deliberately disregarded and evaded the relevant provisions of the Sino-British Memorandum of Understanding on the airport project in an attempt to make the future Special Administrative Region [SAR] Government bear the responsibility for the consequences of the decision unilaterally made by the British Hong Kong authorities without consultation between the Chinese side and the British side.

Before attending an award ceremony held by TA KUNG PAO, Zhang was asked by reporters to comment on the British Hong Kong authorities' argument that the credit line of HK\$5 billion [Hong Kong dollars] was only part of the credit arrangements made by the Hong Kong Government. Zhang said: The Sino-British Memorandum of Understanding on the airport issue clearly specified the credit limits and arrangements. That is, on 30 June 1997, the British side should leave HK\$25 billion in financial reserves for the SAR Government, and the British side can arrange loans of less than HK\$5 billion with the endorsement of the Chinese side. Any loan arrangements that exceed HK\$5 billion which must be borne by the SAR Government must be first discussed by the Chinese and British Governments before a final decision is made. All this was clearly spelled out in the memorandum.

He pointed out that the airport memorandum of understanding did not indicate that "loans arranged by the Airport Authority and the Mass Transit Railway Corporation would not be included in the 5-billion-dollar limit." Zhang said that the British Hong Kong authorities changed the Airport Authority into a corporation in an attempt to dodge the relevant provisions of the Memorandum of Understanding. He criticized the British Hong Kong authorities for trying to shirk their responsibilities to the future SAR government while unilaterally making a decision without consulting the Chinese side and without the endorsement of the Chinese side.

Governor Patten Pledges 'No Secret Deals'

HK3001023894 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 30 Jan 94 pp 1, 2

[By political editor Danny Gittings and Doreen Cheung in Beijing]

[Text] Hong Kong need not fear any more secret deals from the past waiting to be sprung upon it by Chinese officials, Governor Chris Patten has pledged. Expanding on British denials of Chinese allegations about an unpublished understanding over airport debt, Mr Patten told the SUNDAY MORNING POST there were no secret deals on any subject.

"I know of no secret deals relating to political development, relating to the airport or relating to any other matters," he said. "There has been, and will continue to be, private and successful diplomacy on a huge number of matters. But I know of nothing, of no deal or understanding, which is being denied to the people of Hong Kong. None at all."

Although Britain has promised not to sign any future secret deals, Mr Patten's statement is the first to address local concerns that other secret understandings exist, but have yet to be publicly revealed. "I don't think anyone could accuse me of trying to do deals behind Hong Kong's back," the Governor said. "My position on the discussion, on the resolution of these issues in the community is pretty clear."

Hong Kong and Macao Affairs Office chief Lu Ping has previously refused to rule out the existence of further secret deals between Britain and China. The Governor's comments came as China yesterday repeated its accusation that a secret deal was struck on airport debt in 1991, and launched a fresh attack over the issue.

Mr Patten stressed he was ready to be "flexible and helpful" in putting forward new proposals on airport funding. But he warned there was a bottom line beyond which he would not go. "I'm not going to make decisions about funding which would be unwise and unreasonable to the Hong Kong taxpayer in order to try and bring things forward by a week or two," he said. He also tacitly questioned China's pledge not to link the airport to other issues. "We keep on producing proposals for funding. Somehow we never quite pass the test and, each time, the Chinese side say, of course, we must separate politics and livelihood issues," he said.

But speaking in Beijing yesterday, the local deputy director of XINHUA (New China News Agency), Zhang Junsheng, accused London of changing the name of the body that would run the Chek Lap Kok site, to avoid consulting China about its debt. "(The British side) has deliberately changed 'Airport Authority' into 'Airport Corporation' to escape from a stipulation in the Memorandum of Understanding (MOU) that Britain should consult China on any debts handed over to the Special Administrative Region Government, and take unilateral actions," he said.

The change was made in the recently published Airport Bill, and has been criticised by a number of pro-China figures. Although Mr Zhang stopped short of saying which title Beijing preferred, Mr Lu dropped a strong hint last week, describing the body as the "Airport Authority". Mr Zhang also defended Mr Lu's allegation

of a secret deal, that all airport-related debt should fall within the \$5-billion limit set out in the MOU.

A Government source last night dismissed the Chinese accusation, saying the administration had already told Beijing it was happy to use whichever title mainland officials preferred. "We have suggested using the name 'corporation' on the airport solely because it is more suitable for an organisation operating in the commercial world than 'authority' which, in Hong Kong, is used for regulatory bodies, such as the Monetary Authority," a Government spokesman said. "The name has no other significance whatsoever, and has nothing to do with the financial or other powers and functions of the organisation."

Government Denies Lu Ping Claim of Airport Deal

HK2901073094 Hong Kong SOUTH CHINA
MORNING POST in English 29 Jan 94 p 1

[By David Wallen, Doreen Cheung, and So Lai-Fun]

[Text] Sir Percy Cradock last night joined the barrage of denials by British and Hong Kong officials of any secret diplomatic understanding with China that borrowings for the airport and railway projects would be lumped together as government debts. Instead, Sir Percy specifically stated from London: "There was no secret undertaking in the Memorandum of Understanding (MOU), no protocol in which we agreed on public debt. I did not sign any secret deal nor enter into agreements on such issues."

Britain's denial enflamed a dispute with Lu Ping China's top Hong Kong man, who claimed the existence of such an understanding in setting a \$5 billion limit on airport-related debt to run beyond 1997. Mr Lu, the director of Chinese State Council's Hong Kong and Macao Affairs Office, told the Preliminary Working Committee (PWC) on Thursday [27 January] that he and Sir Percy, former foreign affairs adviser to Prime Minister John Major, had struck a deal in June last year.

Yesterday, Mr Lu stood firm behind China's position and criticised the British remarks, which he said amounted to opening new issues and violated the MOU. Mr Lu challenged the British side to go ahead now to borrow money for building the Chek Lap Kok airport and the railway project in the absence of China's consent. "If the British side thinks...the loans raised by the PAA [Provisional Airport Authority] and the MTRC [Mass Transit Railway Corporation] are not covered by \$5 billion ceiling on Government debt, then there is really no need for them to discuss with the Chinese side."

"They can simply go ahead to borrow money. But we will thank God if they can raise the funds," said Mr Lu.

The British Foreign Office and Hong Kong Government issued separate statements, denying China's claim that there was an understanding on what borrowings were

included in the Government debt written into the MOU. Financial Secretary Sir Hamish Macleod said the Government was "astonished" by Mr Lu's statement. The Foreign Office statement said: "There is no truth in these allegations."

The renewed bickering comes as top Hong Kong officials offered to put forward a fourth financing package addressing China's concerns when the Joint Liaison Group Airport Committee meets again. Chief Secretary Mrs Anson Chan Fang On-sang would not say what the package contained, but it was expected to be a further substantial increase in the Government's capital injection.

The previous offer was to pump \$45.3 billion into the Provisional Airport Authority (PAA) and the Mass Transit Railway Corporation (MTRC). Recalling details of the airport talks on the MOU, Mr Lu said Britain had never mentioned the size of debts to be borne by the PAA and the MTRC. "If they had touched upon that (the size of PAA and MTRC debts), it would certainly had been clearly stated in the MOU," he said after a meeting of the PWC political sub-group.

The Foreign Office statement said: "The text of the MOU makes clear that the Hong Kong Government will be free to borrow as necessary, while informing the Chinese Government of borrowings up to HK\$5 billion.

"This clause refers only to borrowings by the Hong Kong Government, not borrowings by the MTRC or the PAA.

"During Sir Percy Cradock's negotiations with the Chinese Government which led to the MOU there was no discussion about extending the reference to the Hong Kong Government in this clause to cover also the MTRC and the PAA.

"We and the Hong Kong Government continue to attach importance to reaching agreement with the Chinese on airport financing including borrowing by the PAA and MTRC."

Expressing astonishment of the report Mr Macleod questioned why such an understanding should suddenly come out from a Chinese official. "It seems strange that this reported secret understanding has not been mentioned before, neither in public nor in private, during the two-and-a-half years that have elapsed since the MOU was published."

He cited the former Governor Sir David Wilson's words on the document: "I mean all has been agreed is here on that piece of paper (the MOU) in front of you, nothing in addition to that at all."

Sir Hamish said the \$5 billion debt ceiling was agreed at the same time China requested an assurance that the reserves to be left for the future Special Administrative Region would not be less than \$25 billion.

"Both sides realised that, without a limit on Hong Kong Government borrowing, this would be meaningless

because it would leave the Hong Kong Government free to borrow enough to make the reserves up to \$25 billion. [no closing quotation marks as published]

Editorial Terms Airport Disagreement 'Ridiculous'

HK3001083094 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 30 Jan 94 p 16

[Editorial: "Running Out of Airport Options"]

[Text] From the sublime to the ridiculous. First came the accusation of a secret deal, which is now said not to exist. Then, yesterday a bizarre dispute erupted over a change of name.

Given these developments over the past few days, the casual observer could be forgiven for thinking that the long-running dispute over funding of the Chek Lap Kok airport project has turned into something of a farce.

Both sides must share some of the responsibility. The Government certainly seems to have paid too little attention to the debt issue which was the cause of the most recent war of words.

When Executive Councillor Edward Chen Kwan-yiu accurately predicted last summer that a dispute would arise precisely over the definition of government debt, Financial Secretary Sir Hamish Macleod promptly shot such a notion down.

At the time, Mr Chen warned that China would insist debts incurred by the Mass Transit Railway Corporation and Airport Corporation be included in the \$5 billion limit laid down in the Memorandum of Understanding on the new project. Mr Macleod, as he was then, denied this, saying there was no reason to make such a presumption.

Perhaps the administration also under-estimated the difficulty of explaining the difference between government debt, and that of its statutory corporations, to Chinese officials unused to drawing such fine distinctions over the financial liabilities of their own companies.

Whatever the faults of the Hong Kong administration, the events of the past few days clearly show that the greater blame must lie on the Chinese side. First, there was Hong Kong and Macao Affairs Office chief Lu Ping's claim of a secret deal over the definition of government debt—which the vehemence of subsequent British denials strongly suggest was a fabrication.

Perhaps Mr Lu thought he could pull a fast one, by claiming to have reached an agreement with Sir Percy Cradock, the one British official who has since broken ranks with his government's policy. He calculated badly, judging from the speed with which Sir Percy issued a denial.

Then came yesterday's absurd allegation that Britain had changed the name of the Airport Authority to Airport

Corporation, simply to avoid consulting China over its debt. Absurd because the Government has already told Beijing it is happy to use whichever title it likes.

Such outbursts suggest that China is more interested in placing obstacles on the flight path to Chek Lap Kok than in seeing it built. This can only cast doubt on the sincerity of its commitment to separate the airport from political issues. There was a time, late last year, when the Chinese did seem genuinely committed to the Chek Lap Kok project, even signalling approval for some steps that were necessary, just as the political reform talks broke down. But the events of the past few days have shattered any such illusions.

The Government has few options. Some argue the administration should abandon its seemingly-endless wait for Chinese approval, and simply go-it-alone, loans and all. While that may sound tempting in some sectors, it would breach the Memorandum of Understanding where consultation between both sides is crucial.

Similarly, privatisation, while superficially attractive, can only further enrage Beijing, which has already expressed concern about the project slipping out of Government control.

With those two options not without problems, the Government has little choice but to proceed with its present piecemeal approach of continuing to seek funds when needed from the legislature while seeking to reach an overall agreement on funding from China. It may not be a pleasant option, but the hard reality is that there is no real alternative course of action.

Governor Patten Discusses Plans for Next 3 Years

HK3001083194 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 30 Jan 94 p 17

[Report on interview with Governor Chris Patten by political editor Danny Gittings; place and date not given: "The Next Three Years"]

[Text] The future mayor of Hong Kong sat back in his arm-chair and made light of the latest airport project salvoes being fired from over the border. Governor Chris Patten, to use his present—and more familiar—title, was characteristically forthright in dismissing claims there was a 1991 deal over airport-related debt. "It's extraordinary that this allegation has come out after 2 ½ years," he said. "If Chinese officials are actually saying that there is a secret deal, they should come out and say that for themselves. But, of course there wasn't."

But these are the sort of comments he will be unlikely to be saying by the end of next year, as the Governor attempts to fade away into the background, and adopt a role more like that of a municipal leader. "It is right and proper that, the closer we get to 1997, the more I should take a back seat, the less I should take a prominent political role, and the more I should try to ensure that

public servants locally, and politicians locally, are making, running and setting the agenda," he said.

Although it is strange to hear such an upfront leader contemplate taking a low-profile role, Mr Patten insists he knew this would be his fate ever since he arrived, and dismisses suggestions it may make him a touch irrelevant. "I shall very much enjoy being mayor of Hong Kong and look forward to seeing through the agenda which I first sketched in the autumn of 1992," he said. "I've always assumed that, as would have happened with governors in other situations, where it wasn't a question of the transfer of sovereignty but a granting of independence, that the closer you get, as it were, to D-day, the more time you spend in the back seat of the car."

Whether Mr Patten will get his low-profile wish, given the probability agreement will not be reached on political reform, and the likelihood of continued Sino-British hostilities, is another matter. The Governor insisted none of the bad sentiment had influenced his plans to step back from the political arena after the 1995 polls. But he agreed recent Chinese comments had badly affected morale in the civil service, which is expected to take up the responsibility Mr Patten intends to relinquish. "There have been quite a lot of things said by Chinese officials which I don't think have helped civil service morale and I sometimes wonder whether some Chinese officials actually understand what the traditions of our public service amount to," he said.

But the Governor reiterated the British belief that, despite the public dispute, senior mainland officials, such as Hong Kong and Macau Affairs Office chief Lu Ping, fully realised the need to safeguard the stability of the civil service. Mr Patten's plan to step back may also be one solution to having a governor who is unable to talk to China, by allowing others—such as Chief Secretary Anson Chan Fang On-sang, who last week dined privately with local XINHUA (the New China News Agency) chief Zhou Nan—to fill the vacuum.

Indeed the Governor now seems relatively relaxed at the prospect of being unable to reach Mr Lu by phone or have any direct contact with the Chinese in the final years of the transition. While saying he still hoped such contacts would eventually prove possible, Mr Patten noted many of his predecessors had faced the same situation, and there were plenty of contacts at lower levels. "For years, Hong Kong governors weren't able to deal directly and there was a lot less contact than there is today. There's a huge amount of contact between our officials and Chinese officials...a great deal of business is transacted and even more will be transacted between now and 1997," he said.

Mr Patten was equally relaxed about the practical problems of organising the 1994-95 polls in the face of Chinese opposition. It is possible, with Beijing likely to declare their results null and void, some candidates may decide not to stand, and there may be an even lower voter turnout than usual. But, even if that produced a

turnout rate still worse than the disappointing 39 per cent recorded during the hotly-contested 1991 polis, Mr Patten did not think it would cast a shadow over the elections—noting how turnout was even lower in the US and some British polls.

They are hypothetical considerations that very soon may become reality, with the Governor dropping strong hints that the tabling of a further—third stage—bill on political reform, which will mean finally giving up trying to restart negotiations, is now close to a certainty.

Mr Patten stressed that, while he still wanted further talks, the ball was effectively in China's court. Britain would not take any sort of initiative—such as further letters at prime ministerial level—to try to lure them back to the negotiating table, beyond the routine diplomatic contacts that have so far failed to yield any results. "The Chinese have walked away from the table. We'd like them to walk back, but I don't know of any special initiative or special deal we could offer them in order to trigger talks," he said.

Even if talks did restart, they could not last for long. "We have to try for a much more express version of negotiation," the Governor said. "Everybody realises that if talks were to resume, which, I repeat, I would like to see, they couldn't drag on for round after round, for month after month." And—answering a question he has evaded in the past—Mr Patten said the agenda for further negotiations could not include the contents of the first-stage bill, on so-called issues such as the voting age: "The partial bill...is on its way now and is not going to be delayed or taken off the track."

Even the content, and rough timing, of a third-stage bill seems pretty much decided. Although a formal and final decision has yet to be taken, the Governor added to the growing body of opinion that he will plump for his original October 1992 package, by noting the support it had attracted in the Legislative Council [Legco], while expressing some sympathy for the criticisms of the July 1993 compromise proposals. "When Legco has expressed a view on the 1992 package in the past, it has done so positively and enthusiastically on all three occasions, but I think you have to take the temperature on the day," he said.

On the July 1993 conditional concessions, Mr Patten said he "can see the strength of the argument" of those who say they should now be put aside since "you didn't get a through train, you didn't get an agreement on anything, apart from the voting age. You made all these substantial concessions and there's no deal."

Even on the timing of any new bill, options are clearly limited, with the Governor noting that time is running short, if the Government is to meet its July deadline for having all electoral arrangements in place. Indeed it is further constrained by the budget, which eats up three otherwise available dates for introducing a political reform bill to the Legislative Council before the Easter recess. "The Budget is a factor in deciding when to bring

in the third bill," he said. "It takes up a good deal of time because we need some time for the council to debate the good news about Hong Kong's economy...it affects the amount of time you've got before Easter if you want to do it (introduce the bill) before Easter."

The Governor's reluctance to take any new initiative to try to resume negotiations on the political front is in stark contrast to the situation with the airport, where he is dangling concessions in front of the Chinese in an effort to bring them back to the negotiating table. "To demonstrate our flexibility we can put constructive proposals on the table," he said. "We've been in a difficulty since last summer because there have been questions about land premium which we would have liked to have resolved in the land commission. But, as a demonstration of our constructiveness, we will, I think, be able to develop our proposals in the Airport Committee straight away."

But, even here, there is a baseline beyond which Mr Patten will not go. "I'm not going to make decisions about funding which would be unwise and unreasonable to the Hong Kong taxpayer in order to try to bring things forward by a week or two," he said. "People sometimes say 'pour in all the money's that necessary, to make sure there's an airport before you go'. I don't think the people of Hong Kong would regard that as very sound public administration. We should proceed as sensibly and carefully as we can." There is more than a hint of weariness too: "The documents on the airport make, I would guess, the documents which went into setting up the United Nations look like a short story."

Constitutional Secretary: 'No Regrets' on Reform Support

HK2901073694 Hong Kong SOUTH CHINA
MORNING POST in English 29 Jan 94 p 2

[By Fanny Wong]

[Text] Outgoing Secretary for Constitutional Affairs, Michael Sze Cho-cheung, said yesterday he would have no regrets if his support for political reform cost him his job after 1997. Speaking on the day that he stepped down from the constitutional post, a hot seat which made him a constant target for mainland criticism, Mr Sze said he had a clear conscience about everything he had done. He played down the personal attack on him by top Chinese official Lu Ping.

Mr Lu, the Director of Chinese State Council's Hong Kong and Macao Affairs Office, questioned Mr Sze's legitimacy to represent the people of Hong Kong at the British parliamentary Foreign Affairs Select Committee hearing. Mr Lu said: "How many people in Hong Kong regard this 'loyal' follower (of Patten) as a Hong Kong person?"

But Mr Sze said yesterday that he had never claimed to represent Hong Kong people at the meeting. "But I am a Hong Kong person. I have a Hong Kong identity card,

and I am a permanent resident here. I have a clear conscience, and it is perfectly legitimate that I say that I am a Hong Kong person," he said.

Mr Sze said the criticisms levelled against him did not bother him because he believed he was only doing his duty as a civil servant. "I think I have done nothing against my conscience, and I will continue to try my best to fulfill my duty as a civil servant."

"I believe that, after 1997, the central Government and the Special Administrative Region (SAR) government will also want their civil servants to have the same work attitude instead of having officers looking over their shoulders while doing their work."

Asked how he would feel if his comments led to him being out of a job after 1997, Mr Sze said: "I wouldn't feel it's such a pity. I will continue to try my best to fulfill my duty."

"From now to 1997, there are more than 1,200 days. There's a saying that a week is a long time in politics, and I think 1,200 days is a very, very long time indeed," said Mr Sze.

He said the attack on former executive councillor Sir Sze-yuen Chung by patriarch Deng Xiaoping in the early 1980s was much more serious than that against him. "If the attack on Sir Sze-yuen was equivalent to typhoon signal No 10, mine is just about No 3. Now Sir Sze-yuen is highly regarded by both the Chinese Government and the Hong Kong administration."

Mr Sze takes up the post as Secretary for the Civil Service on Tuesday. He will be succeeded by Nicholas Ng Wing-fui. Mr Sze said it was important the Government soon begin to discuss with China the arrangements for top officials to serve beyond 1997.

Turning to the 1994-95 elections, Mr Sze said he felt frustrated that he was not able to see the partial electoral bill through the Legislative Council [Legco] before stepping down as constitutional chief. It is expected that the remainder of the bill will be tabled to Legco on March 9 at the earliest, but Mr Sze declined to confirm that. Instead, he noted that the tabling of the rest of the bill would be an extremely difficult task. He also declined to be specific on which version of the electoral package would be tabled to legislators.

WEN WEI PO Reports PRC Official on Hong Kong Issue

HK2901083194 Hong Kong WEN WEI PO in Chinese 29 Jan 94 p A2

[By trainee reporter Yang Fan (2799 1581): "Wu Yi Stresses That Britain's Unfriendly and Uncooperative Attitude Cannot But Affect Sino-British Economic and Trade Relations"]

[Text] Beijing, 28 Jan (WEN WEI PO)—In discussing Sino-British economic and trade relations today, Wu Yi,

minister of foreign economic cooperation and trade, said: "The unfriendly and uncooperative stand taken by Britain on the Hong Kong issue will definitely affect Sino-British economic and trade relations. This is not what we wish to see, and the responsibility does not lie with the Chinese side."

It has been learned that the total volume of Sino-British trade reached \$3.59 billion last year, an increase of 86 percent over the previous year. Judging from the general situation, Wu Yi continued, Sino-British economic and trade relations are not bad, and there is great potential for development.

Wu Yi made these remarks at a news conference held by the State Council's Information Office today.

PRC To Boost Manpower in HKMAO Office

HK2801061694 Hong Kong SOUTH CHINA MORNING POST in English 28 Jan 94 pp 1, 11

[By Chris Yeung]

[Text] China's major policy branch on Hong Kong affairs plans to boost manpower and promote younger leaders in the face of growing workloads concerning the 1997 handover. Sources close to the Hong Kong and Macao Affairs Office (HKMAO) said that existing manpower was stretched to the limit yet the scope of their work had become wider in view of political and economic changes.

"We need to increase manpower. But it has become more difficult to get the right people. We do want to have some Hong Kong people joining us. But given the pay scale in the Chinese Government, that is virtually impossible," one source said.

The First Department - in charge of economic matters - monitors a wide spectrum of issues such as the mammoth Chek Lap Kok plan; China-funded enterprises in Hong Kong and their listing plans; and infrastructure plans in the Pearl River Delta area, including border traffic.

The Second Department, whose duties are political affairs and civil service, is also faced with a heavy workload that covers a series of constitutional and legal problems arising over the changeover.

The office under the State Council, and headed by Director Lu Ping, has four major departments with little more than 100 staff members.

The manpower shortage has been worsened by the need to deploy staff at the Beijing office of the Preliminary Working Committee (PWC) formed a few months ago to give assistance to the working body doing research and administrative work. A source said: "Some HKMAO officials have had two offices: One in the HKMAO headquarters and the other in the PWC office. There's no other way out in the meantime, unless there are

additional staff." Officials, however, refused to say how many people they needed to recruit.

Another difficulty was trying to seek more staff in the face of the ongoing drive by Beijing to trim a bloated bureaucracy. Moreover, sources said a senior-level reshuffle was imminent following the transfer of vice-director Mr Wang Qiren to the Bank of China and the retirement of an "old Hong Kong hand," Mr Luo Jiahuan, who is a Joint Liaison Group (JLG) member.

Mr Wang's post, which has been left vacant for months, will be taken by Wang Fengchao, head of the Second Department.

His deputy, Xu Ze, is set for promotion to head of department.

Mr Luo, 66, will retire from the JLG office soon and be succeeded by Chen Zuo'er, who is head of the First Department.

Mr Chen has participated in secret negotiations on the Chek Lap Kok airport plan and is expected to sit on the Airport Committee after he is posted to the territory.

Mr Xu and Mr Zhang, deputy department heads, have worked in the HKMAO since the early 1980s. In their late 30s, the pair are seen as rising stars in the HKMAO.

Another source said the rapid promotion of the younger officers was also because the HKMAO was a less attractive part of the Chinese bureaucracy.

Li Peng To Attend Hong Kong Ceremonies in Shenzhen

HK3101023094 Hong Kong WEN WEI PO in Chinese
31 Jan 93 p A2

[Dispatch by trainee reporter Li Hsiao-ping (2621 4562 0393): "In March, Li Peng Is To Attend a Meeting in Shenzhen on Renewing the Appointment of the Hong Kong Affairs Advisers and a Ceremony Marking the Supply of Dong Jiang Water to Hong Kong"]

[Text] Beijing, 30 Jan (WEN WEI PO)—As disclosed by a member of the Preliminary Work Committee for the Preparatory Committee of the Hong Kong Special Administrative Region here, State Council Premier Li Peng will be attending a ceremony in Shenzhen on 1 March to mark the 29th anniversary of supplying water from the Dong Jiang to Hong Kong and a meeting on 2 March to renew the appointment of the first group of Hong Kong affairs advisers.

Lu Ping Attends Panel on Legislative Council Electoral Method

OW2901140294 Beijing XINHUA in English 1328
GMT 29 Jan 94

[Text] Beijing, January 29 (XINHUA)—The method for electing the first Legislative Council of the Hong Kong

Special Administrative Region should be discussed and formulated in accordance with the stipulations of the Basic Law, according to a meeting closed here today.

The method drawn up must also conform with the principles that embody the state sovereignty and a smooth transition.

This was the theme of the fourth meeting of the Panel of Political Affairs, which is under the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region. The two-day meeting in Beijing ended today.

The panel gave some principled ideas on the issues concerning direct elections, selection of the functional constituencies, and members of the Election Committee, as well as qualifications for candidates standing for election.

Lu Ping, deputy director of the Preliminary Working Committee, and other leaders took part in the meeting.

Hong Kong New Airport Group Discusses Regulations

OW3001020994 Beijing XINHUA Domestic Service in Chinese 1237 GMT 27 Jan 94

[Text] Beijing, 27 Jan (XINHUA)—Seven members of the Study Group for the Topic of New Airport who are under the Economic Group of the Preparatory Work Committee and of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR], held a meeting today in Beijing to discuss the British Hong Kong's Authorities' "Airport Company Regulations (Draft)."

The members conducted serious, meticulous study, and proposed initial amendment opinions on the draft regulations basing on relevant stipulations in the memorandum of understanding on the airport signed by the Chinese and British Governments and on the position of safeguarding the overall and long-term economic interests of Hong Kong.

Lu Ping, deputy director of the SAR Preparatory committee, and Deputy Secretary General Qin Wenjun attended the meeting.

Macao

Government Signs Textile Agreement Extension With U.S.

OW2901161294 Beijing XINHUA in English 1528
GMT 29 Jan 94

[Text] Macao, January 29 (XINHUA)—Macao and the United States have signed a 2-year extension of their textile and garment trade agreement, according to Macao Government Information Service.

The agreement related to their bilateral trade in cotton, wool, and man-made fibre textiles and textile products.

The accord was signed in Washington Friday (28 January).

The textile agreement contains the liberalization of various products, and the possibility of growth in non-traditional categories. The agreement also removes all quantitative limits to textile imports from Macao, aside from wool items.

A press communique issued by the Macao Government stresses that the extended agreement offers better access to the U.S. market not only for garment products but also for woven fabrics.

The U.S. has and continued to be Macao's prime export market. During the first ten months last year, the U.S. absorbed 33.7 percent of Macao's total export volume, which stood at 3.9 billion Macao patacas (about 487 million U.S. dollars).

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